

WASHINGTON COUNTY, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

WITH

INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2006

WASHINGTON COUNTY, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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SECTION I

GENERAL

WASHINGTON COUNTY, TENNESSEE
ROSTER OF COUNTY OFFICIALS
June 30, 2006

| <u>Title</u> | <u>Name</u> |
|---|--------------------|
| County Mayor | George Jaynes |
| Superintendent of Highways | John Deakins, Jr. |
| Director of Schools | Grant Rowland, Jr. |
| Trustee | Jack Daniels |
| County Clerk | Doyle Cloyd |
| Circuit and General Sessions Courts Clerk | Karen Guinn |
| Clerk and Master | Brenda Sneyd |
| Register | Ginger Jilton |
| Sheriff | Ed Graybeal, Jr. |
| Assessor of Property | Monty Treadway |

Board of Commissioners

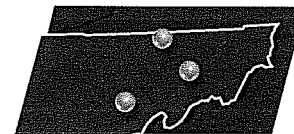
| | |
|------------------|---------------------|
| Mary Alexander | Greg Matherly |
| Robert Barnett | Richard Matherly |
| William Biles | Roy McLain |
| Frank Bolus | Wendell Messimer |
| Scott Buckingham | James T. Powell |
| Sid Campbell | Peggy Richardson |
| Daniel Edens | Kyle Shell |
| Mark Ferguson | Gerald Sparks |
| Eddie Haren | Pete Speropulos III |
| Sam Humphreys | Janice White |
| Evert Jarrett | Pat Wolfe |
| C. B. Kinch, Jr. | Paul Woodby |
| Ken Lyon | |

Board of Education

| | |
|-------------------------------|-----------------|
| Jarvey Felty, Chairperson | Clarence Mabe |
| Eric Barnes, Vice Chairperson | Curtis McGee |
| Hontas Bailey | Phillip McLain |
| John Conley | Mary Lo Silvers |
| Dallas Hardin | |

SECTION II

BASIC FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT

To the Honorable County Mayor
and Board of Commissioners
Washington County, Tennessee

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Washington County, Tennessee officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, Tennessee, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2006 on our consideration of Washington County, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 13 and 57 through 63 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washington County, TN's basic financial statements. The introductory section, supplementary information and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Washington County, TN. The supplementary information, including the schedule of expenditures of federal awards, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Blackburn, Childers and Steagall, PLC
BLACKBURN, CHILDERS AND STEAGALL, PLC

November 14, 2006

WASHINGTON COUNTY GOVERNMENT

Management's Discussion and Analysis

As management of Washington County, TN Government, we offer readers of the Washington County, TN Government's financial statements this narrative overview and analysis of the financial activities of Washington County, TN Government for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented in this report.

Financial Highlights

Primary Government

- The assets of Washington County Primary Government exceeded its liabilities at the close of the most recent fiscal year by \$23,622,743 (net assets). Washington County has the obligation of the debt on the buildings the Board of Education owns. The combined invested in capital assets; net of related debt is \$46,075,260. *Unrestricted net assets*, after eliminating the debt of schools, of \$24,576,892 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$167,429.
- As of the close of the current fiscal year, Washington County Government's governmental funds reported combined ending fund balances of \$23,111,609, an increase of \$573,802 in comparison with the prior year. Approximately 95 percent of this total amount, \$21,973,921, *is available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$10,157,789, or 40 percent of the total general fund expenditures.
- Washington County Government's total debt increased by \$1,501,213 during the current fiscal year.
- General Bonded Debt decreased \$1,715,000 and Capital Outlay Notes Payable increased \$3,479,556. The Government issued Capital Outlay Notes for the initiation of a Jail Expansion and construction of a Justice Center in the amount of \$760,000, and \$5,000,000 to finance the cost for school property acquisition with Washington County's share being \$2,847,200, or 56.94 percent, and the City of Johnson City's share being \$2,152,800, or 43.06 percent based on the Average Daily Attendance (ADA).

Component Unit- School Board

- The assets of Washington County Board of Education, a component unit, exceeded its liabilities at the close of the most recent fiscal year by \$51,525,637. Of this amount, \$7,256,835 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The School Board's net assets increased by \$890,040.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Washington County Government's basic financial statements. Washington County Government's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Washington County Government's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Washington County Government's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Washington County Government is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Washington County Government that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Washington County Government include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The activities of Washington County Board of Education, a component unit, are governmental in nature. The business-type activities of Washington County Government include Washington County Emergency Communications District, a component unit.

The government-wide financial statements can be found on pages 14 - 15 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Washington County Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Washington County Government can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Washington County Government maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, highway fund, constitutional offices' fees fund and the debt service fund, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Washington County Government adopts an annual appropriated budget for its general fund and highway fund. A budgetary comparison statement has been provided for the general and highway funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 - 19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Washington County Government's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 21 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the general and highway funds budgets. Required supplementary information can be found beginning on page 57 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 64-72 of this report.

Financial statements for Washington County School Board of Education are presented immediately following the nonmajor funds on pages 73-77 of this report. This component unit does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Washington County Government, combined with the Board of Education, assets exceeded liabilities by \$75,148,380 at the close of the most recent fiscal year.

By far the largest portion of the net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Washington County Government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Washington County Government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Washington County Government's Net Assets

| | <u>Primary</u> Governmental Activities | | <u>Component Unit</u> Washington County Board of Education | |
|---|--|--------------|--|------------|
| Year | 2005 | 2006 | 2005 | 2006 |
| Current and other assets | 46,715,134 | 49,876,691 | 16,613,823 | 17,364,872 |
| Capital assets | 43,015,227 | 44,210,707 | 44,022,718 | 44,268,802 |
| Total Assets | 89,730,361 | 94,087,398 | 60,636,541 | 61,633,674 |
| Long-term liabilities outstanding | 38,948,961 | 39,860,429 | ----- | ----- |
| Other liabilities | 27,326,085 | 30,604,226 | 10,000,944 | 10,108,037 |
| Total liabilities | 66,275,046 | 70,464,655 | 10,000,944 | 10,108,037 |
| Net assets: | | | | |
| Invested in capital assets, net of related debt | 37,303,495 | 40,363,458 | 44,002,283 | 44,268,802 |
| Restricted | 131,927 | 167,986 | ----- | ----- |
| Unrestricted | (13,980,108) | (16,908,701) | 6,633,314 | 7,256,835 |
| Total net assets | 23,455,314 | 23,622,743 | 50,635,597 | 51,525,637 |

In fiscal year 2005-06, \$167,986 is subject to external restrictions on Washington County Government's net assets. *Unrestricted net assets* (\$16,908,701) and \$7,256,835, Primary Government and Board of Education respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

The primary government's net assets increased by \$167,429 during the current fiscal year.

The Board of Education's net assets increased by \$890,040.

Key elements of these changes are as follows:

Washington County Government's Changes in Net Assets

| | <u>Primary</u> Governmental Activities | | <u>Component Unit</u> Washington County Board of Education | |
|--|--|-------------|--|------------|
| Year | 2005 | 2006 | 2005 | 2006 |
| Revenues: | | | | |
| Program Revenues: | | | | |
| Charges for services | 7,721,323 | 7,828,039 | 1,908,805 | 2,029,415 |
| Operating grants and contributions | 1,560,197 | 4,495,130 | 6,239,356 | 6,495,290 |
| Capital grants and contributions | 1,844,584 | 2,870,038 | -0- | -0- |
| General revenues: | | | | |
| Property taxes | 20,748,184 | 21,457,878 | 9,350,737 | 9,399,928 |
| Other taxes | 3,763,454 | 2,348,129 | 12,663,931 | 13,059,058 |
| Grants and contributions not restricted to specific programs | 2,717,154 | 1,502,016 | 24,820,572 | 25,966,810 |
| Other | 398,069 | 719,272 | 232,442 | 506,781 |
| Total revenues | 38,752,965 | 41,220,502 | 55,215,843 | 57,457,282 |
| Expenses: | | | | |
| General government | 15,048,925 | 16,091,952 | ----- | ----- |
| Public safety | 8,701,776 | 8,911,291 | ----- | ----- |
| Highway / streets | 7,197,616 | 7,261,231 | ----- | ----- |
| Sanitation | 1,480,623 | 1,553,258 | ----- | ----- |
| Library | 384,489 | 455,090 | ----- | ----- |
| Debt Service | 1,866,731 | 1,866,239 | ----- | ----- |
| Education | ----- | ----- | 56,607,394 | 59,431,285 |
| Total Expenses | 34,680,160 | 36,139,061 | 56,607,394 | 59,431,285 |
| Increase in net assets before transfers & special items | 4,072,805 | 5,081,441 | (1,391,551) | 1,974,003 |
| Special Items | 62,668 | 85,988 | 6,791 | 16,843 |
| Transfers | (255,968) | (5,000,000) | -0- | 2,847,200 |
| Increase in net assets | 3,879,505 | 167,429 | (1,384,760) | 890,040 |
| Net assets (7-1) | 19,575,809 | 23,455,314 | 52,020,357 | 50,635,597 |
| Net assets (6-30) | 23,455,314 | 23,622,743 | 50,635,597 | 51,525,637 |

- Property tax rates remained the same for fiscal year 2005-06. Washington County Government has a county wide re-appraisal every 6 years.
- The certified tax rate for the fiscal year 2005-06 was \$1.87 on each \$100.00 of taxable property, which provides the primary tax revenue for the operation of the County.
- Washington County Government had maintained the same tax rate of \$1.87 for the past 2 years. The budgets are reviewed by the Board of County Commissioners before a decision is made on the tax levy. The level of reserves and the ability to raise unlimited property taxes provide the county with significant financial flexibility for the foreseeable future.
- Capital grants for governmental activities increased by \$1,025,454, mostly as a result of an aggressive grant application strategy undertaken by Washington County Government during the current fiscal year. The new grant awards furnished sources to support three of Washington County Government's functions: public safety, highways and streets, and culture and recreation.

Financial Analysis of the Government's Funds

As noted earlier, Washington County Government uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Washington County Government's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Washington County Government's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Washington County Government's governmental funds reported combined ending fund balances of \$23,111,609, an increase of \$573,802 in comparison with the prior year. Approximately 95 percent of this total amount \$21,973,921 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1,137,688), 2) Unemployment and General Liabilities (\$1,284,227), 3) Debt Service (\$4,716,881), or 4) for a variety of other restricted purposes (\$3,325,348).

The general fund is the chief operating fund of Washington County Government. At the end of the current fiscal year, unreserved fund balance of the general fund was \$10,157,789, while total fund balance reached \$13,774,024. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 40 percent of total general fund expenditures, while total fund balance represents 55 percent of that same amount.

The fund balance of Washington County Government's general fund increased by \$1,422,310 during the current fiscal year due to conservative spending and increased revenues not budgeted.

Debt service fund has a total fund balance of \$4,716,881, all of which is reserved or designated for the payment of debt service. The fund balance decreased during the current year in the debt service fund in the amount of \$825,405. The government continued to levy a portion of its property tax for debt service. This tax produced revenues of \$4,447,622 in the current fiscal year.

General Fund Budgetary Highlights

During the fiscal year there was an increase of \$2,663,288 in appropriations between the original and final amended budget. Following is a brief summary of the difference:

- \$1,286,743 - Homeland Security Grants
- \$265,000 - Voting Machines (Electronics)
- \$53,191 - Public Safety
- \$156,209 - THDA (Home Grants)
- \$361,853 - Reserved Funds - Budgeted Reserved Funds for restricted uses.
- \$58,082 - Appropriated for various operational expenses.
- \$33,090 - Additional 911 dispatchers and \$123,552 for opening of the new Fall Branch EMS Station.
- \$300,000 - Employee Medical Insurance
- \$149,120 - Electronic Voting Machines

Additional information on the General Fund Budgetary Highlights may be found on pages 57-58 of this report.

Capital Asset and Debt Administration

Capital Assets. Washington County Government's investment in capital assets as of June 30, 2006, amounted to \$44,210,707 (net of accumulated depreciation), and \$44,268,802 for the Board of Education (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, roads, and bridges. These numbers do not include bridges placed into service prior to July 1, 2001. We plan to report the bridges not placed in service prior to implementation of GASB #34 in the June 2007 report.

Major capital asset events during the current fiscal year included the following:

- On September 15, 2005 Washington County Board of County Commissioners issued Capital Outlay Notes in the amount of \$5,000,000 for school property and to share with the City of Johnson City based on the Average Daily Attendance (ADA).
- Capital Outlay Notes were issued for the jail expansion and justice center in the amount of \$760,000.

Washington County Government's Capital Assets
(net of depreciation)

| | <u>Primary</u> Governmental Activities | | <u>Component Unit</u> Washington County Board of Education | |
|--------------------------------|--|--------------|--|--------------|
| Year | 2005 | 2006 | 2005 | 2006 |
| Land | 2,041,870 | 2,041,870 | 352,686 | 1,888,432 |
| Buildings and Improvements | 19,459,240 | 19,598,812 | 56,952,981 | 57,387,771 |
| Furniture and Fixture | 75,545 | 75,545 | 1,020,249 | 1,020,249 |
| Office Machinery and Equipment | 1,479,229 | 1,624,717 | 539,065 | 539,065 |
| Machinery and Equipment | 10,838,248 | 11,717,765 | 11,724,210 | 11,885,768 |
| Infrastructure | 32,999,211 | 34,798,008 | ----- | ----- |
| Construction in Progress | 109,843 | 264,497 | 13,785 | 737,242 |
| Less: Accumulated Depreciation | (23,987,959) | (25,910,507) | (26,580,258) | (29,189,725) |
| Total | 43,015,227 | 44,210,707 | 44,022,718 | 44,268,802 |

Additional information on Washington County Government's capital assets can be found in note 8 in this report.

Long-term debt. At the end of the current fiscal year, Washington County Government had total debt outstanding of \$43,667,287. Of this amount, \$31,788,839 comprises debt backed by the full faith and credit of the government. The remainder of Washington County Government's debt represents capital outlay notes secured by the taxing power of the County. The primary government is obligated for the long-term debt of Washington County Board of Education.

Washington County Government's Outstanding Debt
General Obligation and Revenue Bonds

| | <u>Primary</u> Governmental Activities | |
|--------------------------|--|------------|
| Year | 2005 | 2006 |
| General Obligation Bonds | 33,629,643 | 31,788,839 |
| Capital Outlay Notes | 8,398,892 | 11,878,448 |
| Total | 42,028,535 | 43,667,287 |

- Washington County Government's total bonded debt and notes payable increased \$1,638,752 (3.90 percent) during the current fiscal year. The government issued \$5,000,000 in capital outlay notes to purchase land for the Washington County Board of Education School Building Program and \$760,000 for the architectural and engineering services for the Detention and Justice Centers during the fiscal year 2005-06.
- The principal on the general bonded debt decreased \$1,715,000 and notes payable increased \$3,479,556.

Washington County Government received an Aaa rating from Moody Investors Service with a stable outlook to Washington County's series 2004 Bonds. In Moody's Investors Service opinion, the high quality rating reflected the County's favorable trends of sound financial operations including a significant reserves, continued tax base growth, and low direct debt levels.

Limit on Amount of Outstanding Debt

Since nearly all services rendered by the county are required by the state and require sizable investments in capital improvements, counties are *not* limited as to the amount of indebtedness. TENN. CODE ANN. § 9-21-103. However, when a county's debt ratio of outstanding debt to property values exceeds the state average or a national standard recognized by firms who trade municipal bonds, the county will pay a higher interest rate or be unable to issue additional bonds.

All debt issued must first be authorized by resolution adopted by the county legislative body and then approved by the state Director of Local Finance, a division of the state Comptroller of the Treasury. Before the Director of Local Finance will approve notes, the county must adopt a balanced budget, which must also be approved by this same director. TENN. CODE ANN. §§ 9-21-403 to 404.

Economic Factors and Next Year's Budgets and Rates

- Favorable economic factors, including strong tax base growth, a substantial job base dominated by medical, educational, and a variety of industrial employers support an average unemployment rate of 4.9 percent as of August 2006, compared to a 5.7 percent rate for the state.
- Currently, Washington County is undertaking architectural design for the construction of two (2) new K-8 schools and miscellaneous work for the two Washington County high schools. Primarily, it is estimated that a bond issuance of \$107,845,716 is necessary for the County's school building program. As a result of the City of Johnson City operating the only other public school system in Washington County, Washington County Government is required by state law to share bond proceeds for education purposes with the City of Johnson City. Based on the Average Daily Attendance (ADA), Washington County would be receiving 56.06% of the bond proceeds or \$60,458,308, and the City of Johnson City's share would be 43.94% or \$47,387,408.
- Currently the expansion of the Detention Center and the construction of a justice center is under architectural design with an estimated bond issue in the amount of \$20,000,000. The current Detention Center was designed to house 334 inmates in 1994 according to state regulations. The justice center would provide office space for the courts. By constructing the

justice center, a savings could be realized in consolidating courts from two facilities to one, with reductions in deputy's salaries, transport vehicles and equipment, and transporting prisoners to and from two courthouses as well as duplication of clerks' positions and benefits. Presently two (2) courthouses hold court on a daily basis, with one being located in Jonesborough and the other in Johnson City, which is approximately 10 miles from the Detention Center.

- The Washington County Mayor and the Board of County Commissioners have approved a pilot program for two (2) Japanese Manufacturers to locate in the Washington County Industrial Park site. Nakatetsu Corporation, LTD and Koyo Corporation will begin employment with 100 employees each and will occupy 80,000 square feet buildings for each site.
- Nakatetsu Corporation, LTD is the major supplier of auto parts, specializing in wheel bearings, with Toyota contributing 35% of their business. Nakatetsu Corporation, LTD is locating its first plant in the United States, while Koyo Corporation has 5 or 6 other plants. Washington County, with the assistance of the State of Tennessee, is fortunate to have located these plants in the county.

All of these factors were considered in preparing Washington County Government's budget for the 2006-07 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$10,157,789. Washington County Government has appropriated \$3,221,947 of this amount for spending in the 2006-07 fiscal year budget. Historically, this appropriation has not been utilized and returned in unreserved fund balance at the end of the fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Washington County Government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Director of Accounts and Budgets, Washington County Office Building, P.O. Box 219, Jonesborough, TN 37659.

Complete financial statements for the component unit may be obtained from the following:

Washington County Emergency Communications District
401 Ashe Street
Johnson City, Tennessee 37605

WASHINGTON COUNTY, TENNESSEE
STATEMENT OF NET ASSETS
June 30, 2006

| | Primary Government | Component Units | |
|---|----------------------------|--|---|
| | Governmental Activities | Washington County Board of Education | Emergency Communications District |
| ASSETS | | | |
| Equity in Pooled Cash and Deposits | \$ 21,729,467 | 3,431,932 | - |
| Cash and Cash Equivalents | 289,264 | 651,059 | 691,875 |
| Due from Federal Government | 89,208 | 807,904 | - |
| Due from State of Tennessee | 882,199 | 73,633 | - |
| Due from Other Local Governments | 145,175 | - | - |
| Due from Others | 77,779 | 261 | 119,961 |
| Sales Tax Receivable | - | 2,088,403 | - |
| Taxes Receivable | 26,436,061 | 10,092,506 | - |
| Allowance for Uncollectibles | (22,374) | (9,796) | - |
| Inventories | - | 228,970 | - |
| Prepaid Expenses | - | - | 27,696 |
| Bond Issue Costs (Net of Accumulated Amortization) | 249,912 | - | - |
| Plant and Equipment (Net of Accumulated Depreciation) | 44,210,707 | 44,268,802 | 406,416 |
| TOTAL ASSETS | 94,087,398 | 61,633,674 | 1,245,948 |
| LIABILITIES | | | |
| Accounts Payable | 134,935 | 379,967 | - |
| Accrued Expenses | 793,809 | 604 | 63,018 |
| Due to Others | 17,852 | - | - |
| Unearned Revenues | 24,654,456 | 9,602,701 | - |
| Long-term Liabilities: | | | |
| Due within one year | 5,003,174 | 124,765 | 44,442 |
| Due within more than one year | 39,860,429 | - | - |
| TOTAL LIABILITIES | 70,464,655 | 10,108,037 | 107,460 |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 40,363,458 | 44,268,802 | 406,416 |
| Restricted for Public Safety | 167,986 | - | - |
| Unrestricted | (16,908,701) | 7,256,835 | 732,072 |
| TOTAL NET ASSETS | \$ 23,622,743 | 51,525,637 | 1,138,488 |

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
STATEMENT OF ACTIVITIES
June 30, 2006

| FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT GOVERNMENT ACTIVITIES | PROGRAM REVENUES | | | NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS | | |
|---|------------------|-------------------------|--|--|---------------------------------------|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Governmental Activities | Component Units Washington County School Board Emergency Communications District |
| | | | | | | |
| General Government | \$ 16,091,952 | 4,718,310 | 1,335,830 | 1,323,847 | (8,713,965) | - |
| Sheriff's Department | 8,911,291 | 2,423,658 | 366,013 | - | (6,121,620) | - |
| Highways and Streets | 7,261,231 | 353,773 | 2,475,920 | 1,532,077 | (2,899,461) | - |
| Library | 455,090 | 22,333 | 7,000 | 14,114 | (411,643) | - |
| Sanitation | 1,553,258 | 309,965 | 310,367 | - | (932,926) | - |
| Interest on Long-Term Debt | 1,866,239 | - | - | - | (1,866,239) | - |
| TOTAL PRIMARY GOVERNMENT | 36,139,061 | 7,828,039 | 4,495,130 | 2,870,038 | (20,945,854) | - |
| COMPONENT UNITS | | | | | | |
| Education - Board of Education | 59,431,285 | 2,029,415 | 6,495,290 | - | - | - |
| Emergency Communications | 2,243,092 | 1,272,115 | 848,286 | 54,719 | - | (67,972) |
| TOTAL COMPONENT UNITS | 61,674,377 | 3,301,530 | 7,343,576 | 54,719 | - | (67,972) |
| GENERAL REVENUES | | | | | | |
| Taxes | | | | | | |
| Property Taxes | | | | | 21,457,878 | 9,399,928 |
| In Lieu of Taxes | | | | | 382,971 | 170,932 |
| Sales Taxes | | | | | - | 12,439,381 |
| Business Taxes | | | | | 762,766 | 333,981 |
| Miscellaneous | | | | | 1,202,392 | 114,764 |
| Other Local Governments | | | | | 1,070,591 | 78,522 |
| State Aid | | | | | 417,082 | 25,888,288 |
| Federal Aid | | | | | 14,343 | - |
| Unrestricted Investment Earnings | | | | | 719,272 | 506,781 |
| Special Items | | | | | - | 15,055 |
| Gain on Sale of Assets | | | | | 80,820 | 12,813 |
| Damages from Individuals | | | | | 5,168 | 4,030 |
| Contribution to Component Unit/Note Proceeds | | | | | (5,000,000) | 5,000,000 |
| Note Proceeds Remitted to Johnson City Schools | | | | | - | (2,152,800) |
| TOTAL GENERAL REVENUES AND SPECIAL ITEMS | | | | | 21,113,283 | 51,796,620 |
| CHANGE IN NET ASSETS | | | | | 167,429 | 890,040 |
| NET ASSETS - BEGINNING | | | | | 23,455,314 | 50,635,597 |
| NET ASSETS - ENDING | | | | | \$ 23,622,743 | 51,525,637 |

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

| | General Fund | Highway Fund | Constitutional Officers - Fees Fund | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------|---|-------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Equity in Pooled Cash and Deposits | \$ 12,652,212 | 2,217,871 | 139,639 | 4,708,193 | 2,011,552 | 21,729,467 |
| Cash | 100 | - | 289,164 | - | - | 289,264 |
| Due from Federal Government | 89,208 | - | - | - | - | 89,208 |
| Due from State of Tennessee | 820,406 | - | - | - | 61,793 | 882,199 |
| Due from Other Local Governments | 138,720 | 1,782 | - | - | 4,673 | 145,175 |
| Due from Others | 36,112 | 7,481 | - | 9,311 | 24,875 | 77,779 |
| Taxes Receivable | 14,100,970 | 3,470,377 | - | 7,766,760 | 1,097,954 | 26,436,061 |
| Allowance for Uncollectibles | (13,425) | (2,983) | - | (4,901) | (1,065) | (22,374) |
| Due from Other Funds | 428,803 | 12,540 | - | - | - | 441,343 |
| TOTAL ASSETS | \$ 28,253,106 | 5,707,068 | 428,803 | 12,479,363 | 3,199,782 | 50,068,122 |
| LIABILITIES AND FUND EQUITY | | | | | | |
| LIABILITIES | | | | | | |
| Accounts Payable | \$ 107,137 | 6,983 | - | 623 | 20,192 | 134,935 |
| Accrued Expenses | 236,377 | 52,757 | - | - | 15,324 | 304,458 |
| Deferred Revenues | 14,117,716 | 3,081,461 | - | 7,761,859 | 1,096,889 | 26,057,925 |
| Due to Other Funds | - | - | 428,803 | - | 12,540 | 441,343 |
| Due to Others | 17,852 | - | - | - | - | 17,852 |
| TOTAL LIABILITIES | 14,479,082 | 3,141,201 | 428,803 | 7,762,482 | 1,144,945 | 26,956,513 |
| FUND EQUITY | | | | | | |
| Reserved for: | | | | | | |
| Encumbrances | 969,662 | 40 | - | - | - | 969,702 |
| Public Safety | 151,097 | - | - | - | 16,889 | 167,986 |
| Unreserved, designated for, reported in: | | | | | | |
| General Fund | 2,495,476 | - | - | - | - | 2,495,476 |
| Highway Fund | - | 8,111 | - | - | - | 8,111 |
| Debt Service Fund | - | - | - | 4,716,881 | - | 4,716,881 |
| Special Revenue Funds | - | - | - | - | 968,300 | 968,300 |
| Unreserved, undesignated for, reported in: | | | | | | |
| General Fund | 10,157,789 | - | - | - | - | 10,157,789 |
| Highway Fund | - | 2,557,716 | - | - | - | 2,557,716 |
| Special Revenue Funds | - | - | - | - | 1,069,648 | 1,069,648 |
| TOTAL FUND EQUITY | 13,774,024 | 2,565,867 | - | 4,716,881 | 2,054,837 | 23,111,609 |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 28,253,106 | 5,707,068 | 428,803 | 12,479,363 | 3,199,782 | 50,068,122 |

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2006

| | |
|--|---------------|
| TOTAL FUND BALANCES - GOVERNMENTAL FUNDS | \$ 23,111,609 |
|--|---------------|

Amounts reported for governmental activities in the statement of net assets are
different because

| | |
|---|------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$70,121,214 and the accumulated depreciation is \$25,910,507. | 44,210,707 |
|---|------------|

| | |
|--|-----------|
| Revenue for amounts not received during the period of availability and, therefore, not considered "available" has been deferred in the funds. | 1,403,469 |
|--|-----------|

| | |
|---|---------|
| Bond issue costs are treated as an expenditure when paid in governmental funds. They are considered an asset for full accrual purposes and amortized over the life of the debt. The cost of the asset is \$371,222 and the accumulated amortization is \$121,310. | 249,912 |
|---|---------|

| | |
|---|-----------|
| Accrued interest is not due and payable in the current period and, therefore, is not reported as a liability in the funds. | (489,351) |
|---|-----------|

| | |
|---|---------------------|
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | <u>(44,863,603)</u> |
|---|---------------------|

| | |
|--|----------------------|
| TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES | <u>\$ 23,622,743</u> |
|--|----------------------|

WASHINGTON COUNTY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2006

| | General Fund | Highway Fund | Constitutional Officers - Fees Fund | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|------------------|---|-------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | | |
| Taxes | \$ 14,440,742 | 3,056,966 | - | 5,000,015 | 1,086,906 | 23,584,629 |
| Licenses and Permits | 437,038 | 637 | - | 1,047 | 228 | 438,950 |
| Fines, Forfeitures and Penalties | 387,785 | - | - | - | 91,585 | 479,370 |
| Charges for Current Services | 599,873 | 112,204 | - | - | 155,714 | 867,791 |
| Other Local Revenues | 653,711 | 425,625 | 15,037 | 200,841 | 282,484 | 1,577,698 |
| Revenue from State of Tennessee | 3,482,099 | 2,543,512 | - | 82,762 | 328,358 | 6,436,731 |
| Revenue from Federal Government | 1,602,961 | 4,892 | - | - | - | 1,607,853 |
| Revenue from Other Governments and Citizens Groups | 561,552 | - | - | - | 7,000 | 568,552 |
| Excess Fees and Commissions | - | - | 4,801,904 | - | - | 4,801,904 |
| TOTAL REVENUES | 22,165,761 | 6,143,836 | 4,816,941 | 5,284,665 | 1,952,275 | 40,363,478 |
| EXPENDITURES | | | | | | |
| General Government | 15,655,319 | - | 25,140 | - | 190,398 | 15,870,857 |
| Sheriff's Department | 8,490,630 | - | - | - | - | 8,490,630 |
| Highways and Streets | - | 6,104,752 | - | - | - | 6,104,752 |
| Library | - | - | - | - | 448,402 | 448,402 |
| Sanitation | - | - | - | - | 1,520,333 | 1,520,333 |
| Debt Service | - | - | - | 6,124,625 | - | 6,124,625 |
| Capital Outlay | 1,027,187 | 642,936 | - | - | 319,954 | 1,990,077 |
| TOTAL EXPENDITURES | 25,173,136 | 6,747,688 | 25,140 | 6,124,625 | 2,479,087 | 40,549,676 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Note Proceeds | - | - | - | - | 760,000 | 760,000 |
| Transfers to Other Funds | (377,116) | (14,555) | (4,791,801) | - | (15,000) | (5,198,472) |
| Transfers from Other Funds | 4,806,801 | - | - | 14,555 | 377,116 | 5,198,472 |
| TOTAL OTHER FINANCING SOURCES (USES) | 4,429,685 | (14,555) | (4,791,801) | 14,555 | 1,122,116 | 760,000 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 1,422,310 | (618,407) | - | (825,405) | 595,304 | 573,802 |
| Fund Balance, July 1, 2005 | 12,351,714 | 3,184,274 | - | 5,542,286 | 1,459,533 | 22,537,807 |
| Fund Balance, June 30, 2006 | \$ 13,774,024 | 2,565,867 | - | 4,716,881 | 2,054,837 | 23,111,609 |

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2006

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 573,802

Amounts reported for governmental activities in the statement of net assets are different because

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$2,346,432) exceeds capital outlays \$1,990,077 in the period. (356,355)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets. 1,546,335

Revenue which was not collected in the period of availability has not been reflected as revenue in the governmental funds since it was not "available". This revenue has been included in the statement of activities. The difference is the change between the prior year amount of \$1,465,284 and the current year amount of \$1,403,469. (61,815)

In the statement of activities, certain operating expenses, compensated absences, are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. Compensated absences increased by this amount for the current year. (92,246)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 86,978

The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of the issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (1,529,270)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 167,429

WASHINGTON COUNTY, TENNESSEE
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2006

| | Agency Funds | | | | Total Agency Funds |
|------------------------------------|-----------------------------|--------------------------|----------------------------|-----------------------------|-----------------------|
| | Johnson City School Fund | Cities Sales Tax Fund | Constitutional Officers | Judicial Drug Task Force | |
| ASSETS | | | | | |
| Cash on Hand and in Bank | \$ - | - | 5,388,195 | - | 5,388,195 |
| Equity in Pooled Cash and Deposits | - | - | - | 181,791 | 181,791 |
| Accounts Receivable | - | - | 23,479 | 47,145 | 70,624 |
| Taxes Receivable | 7,913,952 | - | - | - | 7,913,952 |
| Allowance for Uncollectibles | (7,678) | - | - | - | (7,678) |
| Sales Tax Receivable | 1,640,888 | 3,310,522 | - | - | 4,951,410 |
| TOTAL ASSETS | <u>9,547,162</u> | <u>3,310,522</u> | <u>5,411,674</u> | <u>228,936</u> | <u>18,498,294</u> |
| LIABILITIES | | | | | |
| Due to Other Governments | 9,547,162 | 3,310,522 | - | 228,936 | 13,086,620 |
| Due to State | - | - | 933,674 | - | 933,674 |
| Due to Litigants, Heirs and Others | - | - | 4,478,000 | - | 4,478,000 |
| TOTAL LIABILITIES | <u>\$ 9,547,162</u> | <u>3,310,522</u> | <u>5,411,674</u> | <u>228,936</u> | <u>18,498,294</u> |

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Washington County, Tennessee, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described as follows:

A. Reporting Entity

Washington County, Tennessee, is a political subdivision of the State of Tennessee governed by an elected twenty-five member board. As required by GAAP, these financial statements present Washington County, Tennessee, and its component units. In evaluating how to define the government, for financial reporting purposes, the County's management has considered all potential component units. A component unit is an organization for which the County is financially accountable, or for which the nature and significance of their relationship with the County is such that exclusion from the County's financial statements would cause them to be misleading or incomplete. The decision to include a potential component unit in the reporting entity was made by applying the criteria as set forth in GAAP. The basic criterion of financial accountability between the County and a potential component unit is demonstrated if the County's governing body appoints a voting majority of the organization's governing body and is also able to significantly influence the programs, projects, activities or level of services performed or provided by the organization. Another manifestation of financial accountability is an organization that is fiscally dependent on the County. The component units discussed below are included in the County's reporting entity because the County's management has determined that the County is financially accountable for those organizations.

B. Individual Component Unit Disclosures

Discretely Presented Component Units - The Component Units column in the financial statements includes the financial data of the Washington County Board of Education and the Washington County Emergency Communications District. They are reported in separate columns to emphasize that they are legally separate from the County. Both of the discretely presented component units serve the geographic area of Washington County, and their corporate charters grant them legally separate corporate powers. The Washington County Board of Education is fiscally dependent upon Washington County, which requires presentation as a discrete component unit of the County. The Washington County Board of Education may not issue debt without County approval and its budget and property tax levy are subject to County Board approval. The Board of Education's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy. The Board of Education uses the *current financial resource measurement focus* and the *modified accrual basis of accounting*. Complete financial statements are not prepared by the Board of Education; therefore, a complete set of statements is included in the supplementary information for Washington County. The Washington County Emergency Communications District (WCECD) is not fiscally dependent on Washington County. However, all of the Board of Directors are appointed by the County Mayor; therefore, the County has the ability to significantly influence the activities of the WCECD. In addition, the WCECD must obtain County Commission approval before the issuance of most debt. WCECD utilizes the *economic resources measurement focus* and the *full accrual basis of accounting*.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Individual Component Unit Disclosures (Continued)

Complete financial statements of WCECD may be obtained from their administrative offices at:

Washington County Emergency Communications District

P.O. Box 448

Johnson City, Tennessee 37605

C. Joint Ventures and Jointly Governed Organizations

The County is a participant with the City of Johnson City in joint ventures to operate the Washington County-Johnson City Animal Shelter, the Washington County-Johnson City Emergency Medical Services, Inc. - Ambulance Division and the Johnson City/Jonesborough/Washington County Economic Development Board, Inc. In conjunction with Johnson City, Tennessee; Kingsport, Tennessee; Bristol, Tennessee; Bristol, Virginia and Sullivan County, Tennessee, Washington County jointly owns and administers the Tri-Cities Regional Airport, TN-VA. Detailed disclosures for the year ended are included in Note 13.

D. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues. The *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements since these funds are held by County as an agency for others and do not actually belong to the County. Major individual governmental funds are reported as separate columns in the fund financial statements.

E. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement focus, basis of accounting, and financial statement presentation (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, for local revenues, 120 days for state-shared revenues, and 360 days for grant revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Certain revenues are required to be recognized as a receivable at June 30 either as revenue or deferred revenue, depending upon revenue recognition policies of the entity. The following items for the County are recorded: Property tax, In-Lieu of tax: TVA, State Beer Tax, Telecommunications, Income Tax, Local Beer Tax, Mixed Drink and Gasoline Tax. Litigation tax, business tax, bank excise tax, fines, forfeitures & penalties and performance bond forfeiture are required to be recognized; however, they are not measurable or estimatable and are not generally material to the financial statements. Therefore, they are not recognized as revenue until received.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *highway fund* is used to account for transactions of the County Highway Department. The major source of funding for this is state gasoline taxes.

The *constitutional officers fees fund* is used to account for transactions of the fee and commission accounts of the Trustee, Clerks, Register and Sheriff. Revenues from fees and commissions earned by these officials are transferred to the County's General Fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

An additional fund type the County reports is an agency fund, which is a fiduciary fund. An agency fund generally is used to account for assets that the County holds on behalf of others as their agent. The County currently has four agency funds: Johnson City School Fund, Cities Sales Tax Fund, Constitutional Officers and Judicial Drug Task Force. All agency funds use the accrual basis of accounting.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement focus, basis of accounting, and financial statement presentation (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance for its only proprietary fund type, the WCECD, a component unit.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Cash and Deposits

Cash includes amounts in demand deposits, certificates of deposit with a maturity date less than twelve months of the date acquired, as well as overnight repurchase agreements.

G. Taxes Receivable

Property taxes receivable on file in the Trustee's office are presented on the balance sheet of government funds and the statement of net assets with offsetting unearned revenue to reflect amounts not available as of June 30, 2006. Property taxes are levied on October 1 on property values assessed as of January 1. After March 1, the tax bill becomes delinquent and penalty and interest are assessed. Property taxes are declared to be a lien on the property after the 1st of January of the assessment year. The allowance for uncollectible taxes represents the estimated amount of the receivable, which will be filed in court for collection, based on historical rates. Delinquent taxes filed in court for collection are included in taxes receivable and the offsetting account, deferred revenue.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Inventories and Prepaid Items

Inventories are valued at cost using a first-in, first-out method. Items are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and library books) are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 for all assets other than infrastructure, which is a cost of \$50,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Library books are not being depreciated, as books are inexhaustible assets. Washington County, TN is applying the transition provisions for retroactive reporting of infrastructure assets, such as roads and bridges.

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-----------------------|--------------|
| Buildings | 40 |
| Building improvements | 20 |
| System infrastructure | 40 |
| Vehicles | 5-10 |
| Office equipment | 5-7 |
| Computer equipment | 5 |

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences

It is the government's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay and compensatory time is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Interfund Transactions

All interfund transactions are reported as transfers or due to/from.

M. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds." The details of this difference are as follows:

| | <u>Primary Government</u> | <u>Component Unit</u> |
|--|-------------------------------|---------------------------|
| Bonds payable | \$ (30,790,000) | - |
| Less: Deferred charge on refunding (net of amortization of \$78,044 recorded as interest expense) | 936,534 | - |
| Add: Bond premium (net of amortization of \$203,848 recorded as interest expense) | (1,935,373) | - |
| Notes payable | (11,878,448) | - |
| Lease payable | (63,425) | - |
| Settlement | (150,000) | - |
| Compensated Absences | <u>(982,891)</u> | <u>(124,765)</u> |
| Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i> | \$ <u>(44,863,603)</u> | <u>(124,765)</u> |

Another element of that reconciliation explains that revenue for amounts not received during the period of availability and, therefore, not considered "available" has been deferred in the funds. The details of this difference are as follows:

| | <u>Primary Government</u> | <u>Component Unit</u> |
|--|-------------------------------|---------------------------|
| Property taxes | \$ 1,096,388 | 480,009 |
| Income taxes | 78,461 | - |
| Beer taxes | 4,024 | - |
| State Prison Board | 146,600 | - |
| Local Tax Revenue | 67,826 | - |
| Quarry Lease | <u>10,170</u> | <u>-</u> |
| Net adjustment to increase <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i> | \$ <u>1,403,469</u> | <u>480,009</u> |

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets." The details of this \$1,546,336 difference are as follows:

| | |
|---|--------------|
| Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | \$ 1,465,515 |
|---|--------------|

| | |
|---|---------------|
| The statement of activities reports <i>gains</i> arising from the disposal of capital assets. Conversely, governmental funds do not report any gain or loss on disposals of capital assets. | <u>80,820</u> |
|---|---------------|

| | |
|--|---------------------|
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | \$ <u>1,546,335</u> |
|--|---------------------|

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$(1,529,270) difference are as follows:

| | |
|--|-----------------------|
| Debt issued or incurred: | |
| Issuance of Capital Outlay Notes | \$ (5,760,000) |
| Principal repayments: | |
| General obligation debt | 4,070,444 |
| Capital leases | 20,286 |
| Contingent liability | <u>140,000</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i> | \$ <u>(1,529,270)</u> |

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued):

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$86,978 difference are as follows:

| | |
|-------------------------------------|----------------|
| Prior year accrued interest | \$ 490,773 |
| Current year accrued interest | (489,351) |
| Amortization of bond issuance costs | (40,248) |
| Amortization of bond premiums | <u>125,804</u> |

Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*.

\$ 86,978

NOTE 3 - OFFICE OF CENTRAL ACCOUNTING, BUDGETING AND PURCHASING

Washington County operates under provisions of the Fiscal Control Acts of 1957, which provides for a system of central accounting, budgeting, and purchasing covering funds administered by the County Mayor and the Highway Superintendent. These funds were maintained in the Office of Central Accounting and Purchasing under the supervision of the Director of Finance.

NOTE 4. PURCHASING LAWS:

Office of County Mayor

Purchasing procedures for the County Mayor's office are governed by the County Purchasing Law of 1957, Section 5-14-102 through 5-14-106, T.C.A., which provides for purchases in excess of \$5,000 to be made after public advertisement and competitive bidding.

Office of Road Superintendent

Purchasing procedures for the Highway Department are governed by provisions of the Uniform Road Law, Section 54-7-113, T.C.A., which provides for purchases in excess of \$10,000 to be made after public advertisement and competitive bidding.

Office of the Director of Schools

Purchasing procedures for the discretely presented Washington County Board of Education are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, T.C.A., which provides for the County Board of Education, through its executive committee (School Superintendent and Chairman of the Board of Education), to make all purchases. This statute requires that competitive bids be solicited through newspaper advertisement on all purchases estimated to exceed \$5,000.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 5 - LEGAL COMPLIANCE - BUDGETS

The County Mayor is required by charter to present to the Board of Commissioners an estimate of expenditures and revenue of the County for the ensuing fiscal year. The estimates are to be compiled from detailed information obtained from the several departments of the County. The Board of Commissioners then prepares a tentative appropriation ordinance. Three readings of the appropriation ordinance must be approved on or before June 30, after which the new budget goes into effect.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the preparation of the County's budgets.

NOTE 6 - DEPOSITS AND INVESTMENTS

The captions on the statement of net assets related to cash and deposits are as follows for Washington County and its discretely presented component units:

| | <u>Washington County</u> | <u>Washington County Board of Education</u> | <u>Washington County Emergency Communications</u> |
|---------------------------------------|------------------------------|---|---|
| Equity in Pooled Cash and Deposits | \$ 21,729,467 | 3,431,932 | - |
| Cash and Cash Equivalents | <u>289,264</u> | <u>651,059</u> | <u>691,875</u> |
| | <u>\$ 22,018,731</u> | <u>4,082,991</u> | <u>691,875</u> |
| <u>Agency Funds</u> | | | |
| Equity in Pooled Cash | | \$ 181,791 | |
| Cash on Hand and in Bank | | <u>5,388,195</u> | |
| | | <u>\$5,569,986</u> | |

Washington County and the Washington County Board of Education maintain a cash and deposits pool through the office of the County Trustee.

The Washington County Trustee is the treasurer of the County and in this capacity, is responsible for receiving, disbursing, depositing and investing most County funds.

Each fund type's portion of this pool is displayed on the balance sheet as "Equity in Pooled Cash and Deposits." "Cash" reflected on the balance sheet represents non-pooled amounts held separately by individual funds.

Cash on the statement of net assets includes demand deposits, certificates of deposit with a maturity date of less than twelve months, and passbook savings accounts.

Various restrictions on deposits and investments, including repurchase agreements, are imposed by state statutes. These restrictions are summarized as follows:

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)

DEPOSITS - All deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the County.

The County does not have a policy for interest rate risk or other credit risk other than pledging securities for amounts in excess of FDIC coverage.

Separate disclosures concerning carrying amounts and bank balances of pooled deposits cannot be made for Washington County and the discretely presented Washington County Board of Education since both pool their deposits and investments through the County Trustee. The carrying amount of Washington County's, including the agency funds, and the Washington County Board of Education's deposits with financial institutions was \$25,343,190 and the bank balance was \$34,426,720. Overnight repurchase agreements are included in deposits rather than in investments. There were no overnight repurchase agreements on June 30, 2006.

In addition to the above County deposits, the following deposits were held for operations. The bank balances are as follows:

| | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|--|----------------------------|-------------------------|
| Primary Government: | | |
| Cash in Bank - Others (Elected Officials accounts) | \$ <u>5,669,835</u> | <u>6,450,114</u> |
| Component Unit: | | |
| Washington County Emergency Communications District | \$ <u>691,423</u> | <u>733,283</u> |
| Washington County Board of Education - School Food Service | \$ <u>651,039</u> | <u>818,729</u> |

All of the County and its component units deposits of \$32,363,583 were collateralized with the State of Tennessee Collateral Pool or insured by the FDIC.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS - Counties are authorized to make direct investments in bonds, notes or treasury bonds, notes or treasury bills of the U.S. Government and obligations guaranteed by the U.S. Government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the County's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The County may make investments with longer maturities if various restrictions set out in the State law are followed. Counties are also authorized to make investments in the State Pooled Investment Fund and in repurchase agreements. Repurchase agreements must be approved by the State Director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. Government or obligations guaranteed by the U.S. Government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least 2% below the market value of the securities on the day of purchase.

As of June 30, 2006, the County held no investments.

NOTE 7 - RECEIVABLES

| | General | Highway | Debt Service | Nonmajor and Other | Total Primary Government | Component Units | Reporting Entity Total (Memorandum Only) |
|---------------------------------------|----------------------|------------------|------------------|--------------------------|--------------------------------|--------------------|--|
| Sales Tax | \$ - | - | - | - | - | 2,088,403 | 2,088,403 |
| Property Tax | 14,100,970 | 3,470,377 | 7,766,760 | 1,097,954 | 26,436,061 | 10,092,506 | 36,528,567 |
| Accounts | 36,112 | 7,481 | 9,311 | 24,875 | 77,779 | 120,222 | 198,001 |
| Intergovernmental | 1,048,334 | 1,782 | - | 66,466 | 1,116,582 | 881,537 | 1,998,119 |
| Gross Receivables | 15,185,416 | 3,479,640 | 7,776,071 | 1,189,295 | 27,630,422 | 13,182,668 | 40,813,090 |
| Less: Allowance for Uncollectibles | (13,425) | (2,983) | (4,901) | (1,065) | (22,374) | (9,796) | (32,170) |
| Net Total Receivables | <u>\$ 15,171,991</u> | <u>3,476,657</u> | <u>7,771,170</u> | <u>1,188,230</u> | <u>27,608,048</u> | <u>13,172,872</u> | <u>40,780,920</u> |

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 7 - RECEIVABLES (CONTINUED)

Property taxes are levied as of the first Monday in October and the lien date is January 1. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Numerous additional costs attach to delinquent taxes after court suit has been filed.

Revenues from property taxes are recognized on the accrual basis. Taxes receivable on file in the Trustee's office in the amount of \$36,528,567 are presented on the statement of net assets with an allowance for uncollectibles and an offsetting contra-account, for the unearned portion as indicated below.

Tennessee Code Annotated Section 67-1326 provides for a ten year limitation on the collection of delinquent land taxes.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

| | Primary Government | | Component Unit | |
|---|---------------------|-------------------|----------------|------------------|
| | Unavailable | Unearned | Unavailable | Unearned |
| Receivables not received within period of availability: | | | | |
| Property Taxes Receivable: | | | | |
| General Fund | \$ 657,833 | 13,162,972 | - | - |
| Highway Fund | 146,185 | 2,925,105 | - | - |
| Debt Service Fund | 240,161 | 7,521,698 | - | - |
| Solid Waste Fund | 52,209 | 1,044,680 | - | - |
| General Purpose School Fund | - | - | 480,009 | 9,602,701 |
| Beer Tax (General Fund) | 4,024 | - | - | - |
| Income Tax Receivable (General Fund) | 78,461 | - | - | - |
| State Prisoner Board (General Fund) | 146,600 | - | - | - |
| Local Tax Revenue (General Fund) | 67,826 | - | - | - |
| Quarry Lease (Highway Fund) | 10,171 | - | - | - |
| | <u>\$ 1,403,470</u> | <u>24,654,455</u> | <u>480,009</u> | <u>9,602,701</u> |

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 8 - CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended June 30, 2006 is as follows:

| | Beginning Balance | Increases | Decreases | Transfers/ Adjustments | Ending Balance |
|---|----------------------|--------------------|------------------|---------------------------|---------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 2,041,870 | - | - | - | 2,041,870 |
| Library Infrastructure | 781,660 | 38,238 | (22,230) | - | 797,668 |
| Construction in Progress | 109,843 | 173,898 | - | (19,244) | 264,497 |
| Total, capital assets, not being depreciated | <u>2,933,373</u> | <u>212,136</u> | <u>(22,230)</u> | <u>(19,244)</u> | <u>3,104,035</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and Improvements | 19,459,240 | 120,328 | - | 19,244 | 19,598,812 |
| Furniture and Fixtures | 75,545 | - | - | - | 75,545 |
| Office Machinery and Equipment | 1,479,229 | 145,488 | - | - | 1,624,717 |
| Machinery and Equipment | 10,838,248 | 1,305,151 | (425,634) | - | 11,717,765 |
| Roads & Bridges | 32,217,551 | 1,782,789 | - | - | 34,000,340 |
| Total, capital assets being depreciated | <u>64,069,813</u> | <u>3,353,756</u> | <u>(425,634)</u> | <u>19,244</u> | <u>67,017,179</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and Improvements | (6,043,136) | (490,682) | - | - | (6,533,818) |
| Furniture and Fixtures | (66,332) | (2,287) | - | - | (68,619) |
| Office Machinery and Equipment | (1,196,489) | (100,776) | - | - | (1,297,265) |
| Machinery and Equipment | (7,383,254) | (920,036) | 423,884 | - | (7,879,406) |
| Roads & Bridges | (9,298,748) | (832,651) | - | - | (10,131,399) |
| Total accumulated depreciation | <u>(23,987,959)</u> | <u>(2,346,432)</u> | <u>423,884</u> | <u>-</u> | <u>(25,910,507)</u> |
| Total capital assets, being depreciated, net | <u>40,081,854</u> | <u>1,007,324</u> | <u>(1,750)</u> | <u>19,244</u> | <u>41,106,672</u> |
| Governmental Activities capital assets, net | <u>\$ 43,015,227</u> | <u>1,219,460</u> | <u>(23,980)</u> | <u>-</u> | <u>44,210,707</u> |

Note: The amount of additions to capital assets and total capital outlay differs due to Library infrastructure items being recorded in supply expense accounts within the Library fund and a new capital lease with payments recorded in rental expense accounts within the General fund.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 8 - CAPITAL ASSETS (CONTINUED)

Primary Government (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

| | |
|---|---------------|
| General Government | \$ 573,739 |
| Sheriff's Department | 429,971 |
| Highways and Streets, including depreciation of general infrastructure assets | 1,270,128 |
| Library | 18,905 |
| Sanitation | <u>53,689</u> |

| | |
|--|----------------------------|
| Total depreciation expense-governmental activities | <u><u>\$ 2,346,432</u></u> |
|--|----------------------------|

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 8 - CAPITAL ASSETS (CONTINUED)

Discretely presented component units

Washington County Board of Education

| | Beginning Balance | Increases | Decreases | Adjustments | Ending Balance |
|---|----------------------|-------------|-----------|-------------|-------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 352,686 | 1,535,746 | - | - | 1,888,432 |
| Construction In Progress | 13,785 | 716,807 | - | 6,650 | 737,242 |
| Total capital assets, not being depreciated | 366,471 | 2,252,553 | 0 | 6,650 | 2,625,674 |
| Capital assets, being depreciated: | | | | | |
| Buildings and Improvements | 56,952,981 | 441,440 | - | (6,650) | 57,387,771 |
| Furniture and Fixtures | 1,020,249 | - | - | - | 1,020,249 |
| Office Machinery and Equipment | 539,065 | - | - | - | 539,065 |
| Machinery and Equipment | 11,724,210 | 281,977 | (120,419) | - | 11,885,768 |
| Total, capital assets being depreciated | 70,236,505 | 723,417 | (120,419) | (6,650) | 70,832,853 |
| Less accumulated depreciation for: | | | | | |
| Buildings and Improvements | (16,494,510) | (1,872,658) | - | - | (18,367,168) |
| Furniture and Fixtures | (808,289) | (70,957) | - | - | (879,246) |
| Office Machinery and Equipment | (452,135) | (28,358) | - | - | (480,493) |
| Machinery and Equipment | (8,825,324) | (733,631) | 96,137 | - | (9,462,818) |
| Total accumulated depreciation | (26,580,258) | (2,705,604) | 96,137 | 0 | (29,189,725) |
| Total capital assets, being depreciated, net | 43,656,247 | (1,982,187) | (24,282) | (6,650) | 41,643,128 |
| Washington County Board of Education capital assets, net | \$ 44,022,718 | 270,366 | (24,282) | 0 | 44,268,802 |

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 8 - CAPITAL ASSETS (CONTINUED)

Discretely presented component units (continued)

Washington County Emergency Communications District, Proprietary Fund Type

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Capital assets, being depreciated: | | | | |
| Building Improvements | \$ 345,752 | 11,572 | - | 357,324 |
| Vehicles | 25,695 | 78,095 | - | 103,790 |
| Office Equipment | 813,798 | - | - | 813,798 |
| Furniture & Fixtures | 56,268 | - | - | 56,268 |
| Total, capital assets being depreciated | <u>1,241,513</u> | <u>89,667</u> | <u>0</u> | <u>1,331,180</u> |
| Less accumulated depreciation for: | | | | |
| Building Improvements | (173,312) | (19,770) | - | (193,082) |
| Vehicles | (20,028) | (2,000) | - | (22,028) |
| Office Equipment | (541,516) | (120,132) | - | (661,648) |
| Furniture & Fixtures | (44,504) | (3,502) | - | (48,006) |
| Total accumulated depreciation | <u>(779,360)</u> | <u>(145,404)</u> | <u>0</u> | <u>(924,764)</u> |
| Total, capital assets being depreciated, net | <u>\$ 462,153</u> | <u>(55,737)</u> | <u>0</u> | <u>406,416</u> |

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 9 - OPERATING LEASES

Washington County is committed under leases for several copiers and storage facilities. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2006 amount to \$45,614. Future minimum lease payments are as follows:

| Year Ending | |
|----------------|------------------|
| <u>June 30</u> | <u>Amount</u> |
| 2007 | \$ 39,397 |
| 2008 | 6,861 |
| 2009 | 1,200 |
| 2010 | 1,200 |
| 2011 | <u>1,200</u> |
| TOTAL | \$ <u>49,858</u> |

Washington County Board of Education is committed under a lease for a copier. The lease is considered for accounting purposes to be an operating lease. Lease expenditures for the year ended June 30, 2006 amount to \$644. Future minimum lease payments are as follows:

| Year Ending | |
|----------------|-----------------|
| <u>June 30</u> | <u>Amount</u> |
| 2007 | \$ 2,575 |
| 2008 | 2,575 |
| 2009 | 2,575 |
| 2010 | <u>1,931</u> |
| TOTAL | \$ <u>9,656</u> |

NOTE 10 - CAPITAL LEASE

During 2003, the County entered into lease agreements for copy equipment for the Circuit Court, Health Department, and County Office. The lease agreements qualify as capital leases for accounting purposes (bargain purchase options) and therefore, have been recorded at the present value of their future minimum lease payments as of the inception dates.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 10 - CAPITAL LEASE (CONTINUED)

The assets acquired through capital leases are as follows:

| | |
|--------------------------------|------------------|
| Copy Equipment | \$ 29,899 |
| Less: Accumulated Depreciation | <u>(10,465)</u> |
| Total | \$ <u>19,434</u> |
| Copy Equipment | \$ 10,431 |
| Less: Accumulated Depreciation | <u>(3,738)</u> |
| Total | \$ <u>6,693</u> |
| Copy Equipment | \$ 12,443 |
| Less: Accumulated Depreciation | <u>(4,044)</u> |
| Total | \$ <u>8,399</u> |

During 2005, the County entered into a lease agreement for copy equipment for the Sheriff's department. The lease agreement qualifies as a capital lease for accounting purposes (minimum lease payments equal or exceed fair market value) and therefore, has been recorded at the present value of its future minimum lease payments as of the date of the inception of the lease.

The asset acquired through the capital lease is as follows:

| | |
|--------------------------------|------------------|
| Copy Equipment | \$ 48,237 |
| Less: Accumulated Depreciation | <u>(9,647)</u> |
| Total | \$ <u>38,590</u> |

During 2006, the County entered into a lease agreement for copy equipment for County Court Clerk. The lease agreement qualifies as a capital lease for accounting purposes (bargain purchase options) and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

| | |
|--------------------------------|-----------------|
| Copy Equipment | \$ 5,500 |
| Less: Accumulated Depreciation | <u>(367)</u> |
| Total | \$ <u>5,133</u> |

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2006, are presented in Note 11.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 11 - LONG-TERM DEBT

The following is a summary of bonds, notes and other long-term obligations comprising general long-term debt for the fiscal year ended June 30, 2006.

Governmental Activities

| | Balance Beginning of Year | Additions | Retirements / Reductions | Balance End of Year | Due Within One Year |
|---|---------------------------------|------------------|-----------------------------|------------------------|------------------------|
| Governmental Activities: | | | | | |
| Primary Government: | | | | | |
| General Obligation Bonds | \$ 32,505,000 | - | (1,715,000) | 30,790,000 | 1,890,000 |
| Less Deferred Amounts: | | | | | |
| On Refunding | (1,014,578) | - | 78,044 | (936,534) | - |
| For Issuance of Premium | 2,139,221 | - | (203,848) | 1,935,373 | - |
| Total General Obligation Bonds | 33,629,643 | - | (1,840,804) | 31,788,839 | 1,890,000 |
| Capital Outlay Notes | 8,398,892 | 5,760,000 | (2,280,444) | 11,878,448 | 2,833,344 |
| Capital Leases | 78,211 | 5,500 | (20,286) | 63,425 | 21,927 |
| Compensated Absences | 890,644 | 92,247 | - | 982,891 | 182,903 |
| Settlement Payable | 225,000 | - | (75,000) | 150,000 | 75,000 |
| Contingent Liability | 140,000 | - | (140,000) | - | - |
| Primary Government Long-Term Liabilities | <u>\$ 43,362,390</u> | <u>5,857,747</u> | <u>(4,356,534)</u> | <u>44,863,603</u> | <u>5,003,174</u> |
| Component Unit: | | | | | |
| Compensated Absences | \$ 107,504 | 17,261 | - | 124,765 | 124,765 |
| Component Unit Long-term Liabilities | <u>\$ 107,504</u> | <u>17,261</u> | <u>-</u> | <u>124,765</u> | <u>124,765</u> |

| | Date Issued | Date Matures | Amount Issued | Interest Rate | Outstanding June 30, 2006 |
|---------------------------|----------------|-----------------|------------------|---------------|------------------------------|
| <u>Leases Payable:</u> | | | | | |
| Sheriff Copier | 06/30/05 | 06/30/10 | \$48,237 | 2.130% | \$ 38,927 |
| Circuit Court Copier | 12/18/02 | 12/18/07 | 29,899 | 7.000% | 10,088 |
| Health Dept. Copier | 12/10/02 | 12/10/07 | 10,431 | 7.420% | 3,543 |
| County Officer Copier | 04/11/03 | 04/11/08 | 12,443 | 13.156% | 5,527 |
| County Court Clerk Copier | 03/08/06 | 03/08/11 | 5,500 | 21.228% | 5,340 |
| Total | | | | | <u>\$ 63,425</u> |

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 11 - LONG-TERM DEBT (CONTINUED)

Leases Payable (continued):

Copy Equipment - Sheriff

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|------------------|-----------------|---------------|
| 2007 | \$ 9,423 | 737 | 10,160 |
| 2008 | 9,626 | 535 | 10,161 |
| 2009 | 9,833 | 328 | 10,161 |
| 2010 | <u>10,045</u> | <u>116</u> | <u>10,161</u> |
| Total | \$ <u>38,927</u> | <u>1,716</u> | <u>40,643</u> |

Circuit Court Copier

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|------------------|-----------------|---------------|
| 2007 | \$ 6,607 | 497 | 7,104 |
| 2008 | <u>3,481</u> | <u>71</u> | <u>3,552</u> |
| Total | \$ <u>10,088</u> | <u>568</u> | <u>10,656</u> |

Health Dept. Copier

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|------------------|-----------------|--------------|
| 2007 | \$ 2,318 | 185 | 2,503 |
| 2008 | <u>1,225</u> | <u>27</u> | <u>1,252</u> |
| Total | \$ <u>3,543</u> | <u>212</u> | <u>3,755</u> |

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 11 - LONG-TERM DEBT (CONTINUED)

Leases Payable (continued)

County Office Copier

| Fiscal Year Ending June 30 | Principal | Interest | Total |
|-------------------------------|-----------------|------------|--------------|
| 2007 | \$ 2,850 | 559 | 3,409 |
| 2008 | <u>2,677</u> | <u>164</u> | <u>2,841</u> |
| Total | <u>\$ 5,527</u> | <u>723</u> | <u>6,250</u> |

County Court Clerk Copier

| Fiscal Year Ending June 30 | Principal | Interest | Total |
|-------------------------------|-----------------|--------------|--------------|
| 2007 | \$ 728 | 1,066 | 1,794 |
| 2008 | 899 | 895 | 1,794 |
| 2009 | 1,110 | 684 | 1,794 |
| 2010 | 1,369 | 424 | 1,793 |
| 2011 | <u>1,234</u> | <u>112</u> | <u>1,346</u> |
| Total | <u>\$ 5,340</u> | <u>3,181</u> | <u>8,521</u> |

Total future minimum lease obligations are as follows:

| Fiscal Year Ending June 30 | Principal | Interest | Total |
|-------------------------------|------------------|--------------|---------------|
| 2007 | \$ 21,926 | 3,044 | 24,970 |
| 2008 | 17,908 | 1,692 | 19,600 |
| 2009 | 10,943 | 1,012 | 11,955 |
| 2010 | 11,414 | 540 | 11,954 |
| 2011 | <u>1,234</u> | <u>112</u> | <u>1,346</u> |
| Total | <u>\$ 63,425</u> | <u>6,400</u> | <u>69,825</u> |

| <u>Bonds Payable</u> | <u>Date Issued</u> | <u>Date Matures</u> | <u>Amount Issued</u> | <u>Interest Rate</u> | <u>Outstanding June 30, 2006</u> |
|---------------------------|------------------------|-------------------------|--------------------------|----------------------|--------------------------------------|
| School Construction Bonds | 05/01/98 | 05/01/13 | \$4,800,000 | 4.40-4.70% | \$ 400,000 |
| School Construction Bonds | 10/21/99 | 10/21/18 | 8,100,000 | 4.90-5.20% | 2,100,000 |
| School Construction Bonds | 03/01/99 | 03/01/13 | 8,100,000 | 3.55-5.50% | 2,950,000 |
| School Construction Bonds | 12/01/00 | 10/01/15 | 6,100,000 | 4.50-4.875% | 4,850,000 |
| Refunding Bonds | 02/01/02 | 02/01/07 | 3,680,000 | 3.50% | 790,000 |
| School Construction Bonds | 09/15/04 | 06/30/18 | 19,700,000 | 2.70-5.00% | <u>19,700,000</u> |
| Total | | | | | <u>\$30,790,000</u> |

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 11 - LONG-TERM DEBT (CONTINUED)

Bonds Payable (continued)

School Construction Bonds issued May 1, 1998, debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|-------------------|-----------------|----------------|
| 2007 | \$ 200,000 | 17,900 | 217,900 |
| 2008 | <u>200,000</u> | <u>9,000</u> | <u>209,000</u> |
| Total | <u>\$ 400,000</u> | <u>26,900</u> | <u>426,900</u> |

School Construction Bonds issued October 21, 1999, debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|---------------------|-----------------|------------------|
| 2007 | \$ 600,000 | 85,500 | 685,500 |
| 2008 | 700,000 | 61,500 | 761,500 |
| 2009 | <u>800,000</u> | <u>32,800</u> | <u>832,800</u> |
| Total | <u>\$ 2,100,000</u> | <u>179,800</u> | <u>2,279,800</u> |

School Construction Bonds issued March 1, 1999, debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|---------------------|-----------------|------------------|
| 2007 | \$ - | 149,200 | 149,200 |
| 2008 | 1,400,000 | 149,200 | 1,549,200 |
| 2009 | <u>1,550,000</u> | <u>80,600</u> | <u>1,630,600</u> |
| Total | <u>\$ 2,950,000</u> | <u>379,000</u> | <u>3,329,000</u> |

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 11 - LONG-TERM DEBT (CONTINUED)

Bonds Payable (continued)

School Construction Bonds issued December 1, 2000, debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|--------------------|------------------|------------------|
| 2007 | \$ 300,000 | 220,138 | 520,138 |
| 2008 | 300,000 | 206,637 | 506,637 |
| 2009 | 400,000 | 190,887 | 590,887 |
| 2010 | 400,000 | 172,887 | 572,887 |
| 2011 | 600,000 | 150,238 | 750,238 |
| 2012-2016 | <u>2,850,000</u> | <u>373,419</u> | <u>3,223,419</u> |
| Total | <u>\$4,850,000</u> | <u>1,314,206</u> | <u>6,164,206</u> |

Refunding Bonds issued February 1, 2002, debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|-------------------|-----------------|----------------|
| 2007 | \$ 790,000 | 27,650 | 817,650 |
| Total | <u>\$ 790,000</u> | <u>27,650</u> | <u>817,650</u> |

School Construction Bonds issued September 15, 2004, debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|----------------------|------------------|-------------------|
| 2007 | \$ - | 982,125 | 982,125 |
| 2008 | - | 982,125 | 982,125 |
| 2009 | 125,000 | 982,125 | 1,107,125 |
| 2010 | 2,920,000 | 978,750 | 3,898,750 |
| 2011 | 2,370,000 | 832,750 | 3,202,750 |
| 2012-2016 | 10,445,000 | 2,489,250 | 12,934,250 |
| 2017-2018 | <u>3,840,000</u> | <u>288,000</u> | <u>4,128,000</u> |
| Total | <u>\$ 19,700,000</u> | <u>7,535,125</u> | <u>27,235,125</u> |

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 11 - LONG-TERM DEBT (CONTINUED)

Bonds Payable (continued)

Total bond debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|----------------------|------------------|-------------------|
| 2007 | \$ 1,890,000 | 1,482,513 | 3,372,513 |
| 2008 | 2,600,000 | 1,408,462 | 4,008,462 |
| 2009 | 2,875,000 | 1,286,412 | 4,161,412 |
| 2010 | 3,320,000 | 1,151,637 | 4,471,637 |
| 2011 | 2,970,000 | 982,988 | 3,952,988 |
| 2012-2016 | 13,295,000 | 2,862,669 | 16,157,669 |
| 2017-2018 | <u>3,840,000</u> | <u>288,000</u> | <u>4,128,000</u> |
| Total | <u>\$ 30,790,000</u> | <u>9,462,681</u> | <u>40,252,681</u> |

Notes Payable:

| | <u>Date</u> <u>Issued</u> | <u>Maturity</u> <u>Date</u> | <u>Amount</u> <u>Issued</u> | <u>Interest Rate</u> | <u>Outstanding</u> <u>June 30, 2006</u> |
|--------------------------------------|------------------------------|--------------------------------|--------------------------------|----------------------|--|
| Note Payable - Land Acquisition | 03/13/99 | 03/13/09 | 1,086,604 | 5.00% | \$ 279,404 |
| 2002 Series Capital Outlay Refunding | 02/01/02 | 02/01/08 | 8,880,000 | 4.00% | 1,925,000 |
| Highway Department Capital Outlay | 03/04/02 | 03/04/07 | 338,720 | 3.69% | 67,744 |
| Highway Department Capital Outlay | 03/25/03 | 03/25/10 | 211,000 | 3.05% | 120,700 |
| Education Department Capital Outlay | 04/29/03 | 04/29/15 | 4,742,000 | 1.46-3.80% | 3,557,000 |
| Solid Waste Capital Outlay | 11/14/03 | 11/14/06 | 101,000 | 2.30% | 33,600 |
| Highway Department Capital Outlay | 01/27/05 | 01/27/08 | 203,000 | 2.75-3.10% | 135,000 |
| Highway Department Capital Outlay | 12/28/05 | 12/28/08 | 760,000 | 3.583% | 760,000 |
| Education Department Capital Outlay | 09/15/05 | 09/15/17 | 5,000,000 | 3.20-3.80% | <u>5,000,000</u> |
| Total | | | | | \$ <u>11,878,448</u> |

Land Acquisition note payable issued March 13, 1999, debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|-------------------|-----------------|----------------|
| 2007 | \$ 100,900 | 13,970 | 114,870 |
| 2008 | <u>178,504</u> | <u>8,925</u> | <u>187,429</u> |
| Total | <u>\$ 279,404</u> | <u>22,895</u> | <u>302,299</u> |

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 11 - LONG-TERM DEBT (CONTINUED)

Notes Payable (continued)

2002 Series Capital Outlay Refunding Notes issued February 1, 2002 debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|---------------------|-----------------|------------------|
| 2007 | \$ 1,470,000 | 77,000 | 1,547,000 |
| 2008 | <u>455,000</u> | <u>18,200</u> | <u>473,200</u> |
| Total | <u>\$ 1,925,000</u> | <u>95,200</u> | <u>2,020,200</u> |

Highway Department Capital Outlay Notes issued March 4, 2002, debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|------------------|-----------------|---------------|
| 2007 | \$ <u>67,744</u> | <u>2,533</u> | <u>70,277</u> |
| Total | <u>\$ 67,744</u> | <u>2,533</u> | <u>70,277</u> |

Highway Department Capital Outlay Note payable issued March 25, 2003, debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|-------------------|-----------------|----------------|
| 2007 | \$ 30,100 | 3,682 | 33,782 |
| 2008 | 30,100 | 2,763 | 32,863 |
| 2009 | 30,100 | 1,845 | 31,945 |
| 2010 | <u>30,400</u> | <u>927</u> | <u>31,327</u> |
| Total | <u>\$ 120,700</u> | <u>9,217</u> | <u>129,917</u> |

Highway Department Capital Outlay Note payable issued January 27, 2005, debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|-------------------|-----------------|----------------|
| 2007 | \$ 68,000 | 4,083 | 72,083 |
| 2008 | <u>67,000</u> | <u>2,077</u> | <u>69,077</u> |
| Total | <u>\$ 135,000</u> | <u>6,160</u> | <u>141,160</u> |

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 11 - LONG-TERM DEBT (CONTINUED)

Notes Payable (continued)

Education Department Capital Outlay Note payable issued April 29, 2003, debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|---------------------|-----------------|------------------|
| 2007 | \$ 395,000 | 116,601 | 511,601 |
| 2008 | 395,000 | 106,924 | 501,924 |
| 2009 | 395,000 | 96,061 | 491,061 |
| 2010 | 395,000 | 84,409 | 479,409 |
| 2011 | 395,000 | 71,571 | 466,571 |
| 2012-2015 | <u>1,582,000</u> | <u>146,652</u> | <u>1,728,652</u> |
| Total | \$ <u>3,557,000</u> | <u>622,218</u> | <u>4,179,218</u> |

Solid Waste Capital Outlay Note payable issued November 14, 2003, debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|------------------|-----------------|---------------|
| 2007 | \$ 33,600 | 386 | 33,986 |
| Total | \$ <u>33,600</u> | <u>386</u> | <u>33,986</u> |

Highway Department Capital Outlay Note payable issued December 28, 2005, debt services requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|-------------------|-----------------|----------------|
| 2007 | \$ 255,000 | 22,662 | 277,662 |
| 2008 | 255,000 | 13,526 | 268,526 |
| 2009 | <u>250,000</u> | <u>4,479</u> | <u>254,479</u> |
| Total | \$ <u>760,000</u> | <u>40,667</u> | <u>800,667</u> |

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 11 - LONG-TERM DEBT (CONTINUED)

Notes Payable (continued)

Education Department Capital Outlay Note payable issued September 15, 2005, debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|---------------------|------------------|------------------|
| 2007 | \$ 413,000 | 167,987 | 580,987 |
| 2008 | 417,000 | 154,603 | 571,603 |
| 2009 | 417,000 | 140,946 | 557,946 |
| 2010 | 417,000 | 127,081 | 544,081 |
| 2011 | 417,000 | 113,007 | 530,007 |
| 2012-2016 | 2,085,000 | 346,214 | 2,431,214 |
| 2017-2018 | <u>834,000</u> | <u>31,588</u> | <u>865,588</u> |
| Total | \$ <u>5,000,000</u> | <u>1,081,426</u> | <u>6,081,426</u> |

Total annual debt service requirements to maturity are as follows:

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|----------------------|------------------|-------------------|
| 2007 | \$ 1,797,604 | 307,018 | 2,104,622 |
| 2008 | 1,092,100 | 243,331 | 1,335,431 |
| 2009 | 842,400 | 212,416 | 1,054,816 |
| 2010 | 812,000 | 184,578 | 996,578 |
| 2011 | 2,833,344 | 408,904 | 3,242,248 |
| 2012-2016 | 3,667,000 | 492,867 | 4,159,867 |
| 2017-2018 | <u>834,000</u> | <u>31,588</u> | <u>865,588</u> |
| Total | \$ <u>11,878,448</u> | <u>1,880,702</u> | <u>13,759,150</u> |

Settlement Payable

The Johnson City School System questioned the division of the local option sales tax revenue between them and the Washington County, Tennessee School System. A report was prepared by the Johnson City School System, which reflected a receivable from the County School System in excess of \$1,000,000. The Washington County Trustee changed the method of dividing the revenue as of July 1, 1991. In October 1994, an agreement was reached between the City of Johnson City and Washington County in which the County will repay \$1,125,000 to the City at \$75,000 per year over a fifteen (15) year period. This amount has been recorded as long-term debt of the County.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 12 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2006, is as follows:

Due to/from other funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-------------------------|-------------------|
| General | Constitutional Officers | \$ 428,803 |
| Highway | Solid Waste | <u>12,540</u> |
| Total | | \$ <u>441,343</u> |

Interfund Transfers:

| | Transfer In | | | |
|-----------------------------|--------------------|-------------------|-----------------------------|-----------|
| | Primary Government | | | |
| | General Fund | Debt Service Fund | Nonmajor Governmental Funds | Total |
| Transfer Out: | | | | |
| Primary Government | | | | |
| General Fund | \$ - | - | 377,116 | 377,116 |
| Highway Fund | - | 14,555 | - | 14,555 |
| Nonmajor Governmental Funds | 15,000 | - | - | 15,000 |
| Constitutional Officers | 4,791,801 | - | - | 4,791,801 |
| Total Transfers Out | \$ 4,806,801 | 14,555 | 377,116 | 5,198,472 |

The purposes for the interfund transfers noted above were to fund operations and remit excess fees and commissions.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 13 - JOINT VENTURES

Johnson City and Washington County, Tennessee, jointly own an animal shelter operated by the Washington County-Johnson City Animal Control Center. Washington County is responsible for funding 50% of any deficits from operations. Washington County contributed \$115,000 to the operations during the year ended June 30, 2006.

The Washington County-Johnson City Emergency Medical Services, Inc., - Ambulance Division receives revenue from Washington County and Johnson City, as well as patient billings. Washington County contributed \$1,202,567 to the operations during the year ended June 30, 2006.

Washington County is responsible for funding at least 30% of operations of the Johnson City/Jonesborough/Washington County Economic Development Board, Inc. Washington County contributed \$117,500 to the operations during the year ended June 30, 2006.

The Tri-City Airport is jointly owned and administered by Johnson City, Kingsport and Bristol, Tennessee, Bristol, Virginia and Washington and Sullivan County, Tennessee. Washington County is a 20 percent owner and is represented by three of the twelve commissioners.

Complete financial statements for each of the individual joint ventures may be obtained at the administrative offices of:

Animal Control Center
525 Sells Avenue
Johnson City, TN 37601

Tri-Cities Airport Commission
P.O. Box 1055
Blountville, TN 37617

Emergency Medical Services
Wesley Street
Johnson City, TN 37601

Economic Development Board
603 East Market Street
Johnson City, TN 37601

Audited information for each of the above, as of June 30, 2006, is available at their respective administrative offices and is summarized below for each organization. All are presented on the accrual basis of accounting. Audited information for Emergency Medical Services – Ambulance Division and Johnson City / Jonesborough / Washington County Economic Development Board was not yet available for the fiscal year ended June 30, 2006, therefore, the information reflected is for June 30, 2005.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 13 - JOINT VENTURES (CONTINUED)

| | Washington County Johnson City Animal Control Center | Emergency Medical Services - Ambulance Division | Johnson City/ Jonesborough/ Washington County Economic Development Board, Inc. | Tri-Cities Airport Commission |
|--|---|---|--|-------------------------------------|
| Operating Revenues | \$ 105,246 | 4,802,490 | 304,412 | 5,985,500 |
| Operating Expenses | (411,056) | (5,626,480) | (319,361) | (5,484,486) |
| Depreciation | (16,216) | (259,702) | (5,428) | (2,381,018) |
| Amortization | - | - | - | (13,501) |
| Other Income (Expense) | 302,669 | 1,565,738 | 7,056 | 619,715 |
| Capital Contributions | - | - | - | 7,646,827 |
| Net Income(Loss) or Excess of Revenues and Other Sources over Expenditures Transferred to Fund Equity | (19,357) | 482,046 | (13,321) | 6,373,037 |
| Total Fund Equity, July 1 | 407,928 | 1,429,425 | 875,390 | 39,378,161 |
| Prior Period Adjustments: | | | | |
| Permanently Restricted Endowment | - | 153,012 | - | - |
| Total Fund Equity, June 30 | <u>\$ 388,571</u> | <u>2,064,483</u> | <u>862,069</u> | <u>45,751,198</u> |
| Total Assets | \$ 434,827 | 3,194,955 | 873,462 | 57,665,753 |
| Total Liabilities | 46,256 | 1,130,472 | 11,393 | 11,914,555 |
| Total Fund Equity | <u>\$ 388,571</u> | <u>2,064,483</u> | <u>862,069</u> | <u>45,751,198</u> |

NOTE 14 - RISK MANAGEMENT ACTIVITIES

The County has chosen to establish reserves in the General Fund for Unemployment Compensation, General Liability and Health Insurance for risks associated with the related expenses. Assets are set aside for claim settlements. The Unemployment Compensation Reserve is used to set aside funds for future unemployment claims. The General Liability Reserve is used to provide additional reserves for general liabilities of the County.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 14 - RISK MANAGEMENT ACTIVITIES (CONTINUED)

Washington County carries insurance coverage through CIGNA Property & Casualty and Tennessee Board of Educations Liability Trust for all commercial property, general liability, automobile liability, loss of money, and miscellaneous contractors. Workman compensation insurance is carried through Jonesborough Insurance Agency. The County carries additional coverage for public officials and a dishonesty policy through Aetna Casualty & Surety. There was no reduction in insurance coverage from the prior year. During the past three years the settlements paid by the County for General Liabilities were as follows:

| | |
|---------------|-----------|
| June 30, 2004 | \$110,797 |
| June 30, 2005 | 664 |
| June 30, 2006 | 184,786 |

In addition to the above insurance, the County provides medical insurance to full-time employees as well as post-employment health care benefits through a partially self-funded health insurance plan. Participants in the plan pay premiums as determined by the County to offset a portion of the cost of the plan. The County carries stop-loss insurance with an individual specific limit of \$40,000. A reconciliation of claims for the year ended June 30, 2006 and 2005 are as follows:

| | <u>2006</u> | <u>2005</u> |
|---------------------------|------------------|------------------|
| Claims Accrued at July 1 | \$ 30 | 1,681 |
| Claims Incurred | 248,381 | 234,424 |
| Claims Paid | <u>(247,089)</u> | <u>(236,075)</u> |
| Claims Accrued at June 30 | <u>\$ 1,322</u> | <u>30</u> |

NOTE 15 - RETIREMENT PLAN

Plan Description:

Employees of Washington County and WCECD are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 15 - RETIREMENT PLAN (CONTINUED)

Plan Description (Continued)

Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Washington County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/ps/>.

Funding Policy

Both Washington County and WCECD have adopted a noncontributory retirement plan for their employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

Washington County is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2006 was 12.87% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Washington County is established and may be amended by the TCRS Board of Trustees.

WCECD is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2006 was 10.23% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for WCECD is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2006, Washington County's annual pension cost of \$2,536,466 to TCRS was equal to Washington County's required and actual contributions and WCECD's annual pension cost of \$118,465 to TCRS was equal to WCECD's required and actual contributions. The required contribution was determined as part of the July 1, 2003 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Washington County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005 was 10 years for Washington County and 13 years for WCECD. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 15 - RETIREMENT PLAN (CONTINUED)

Washington County

Trend Information

| <u>Fiscal Year</u> <u>Ending</u> | <u>Annual Pension</u> <u>Cost (APC)</u> | <u>Percentage</u> <u>of APC</u> <u>Contributed</u> | <u>Net Pension</u> <u>Obligation</u> |
|-------------------------------------|--|--|---|
| June 30, 2006 | \$ 2,536,466 | 100% | \$ 0 |
| June 30, 2005 | \$ 2,382,010 | 100% | \$ 0 |
| June 30, 2004 | \$ 2,112,458 | 100% | \$ 0 |

Required Supplementary Information:

Schedule of Funding Progress for Washington County
(Dollar Amounts in Thousands)

| | (a) | (b) | (b) - (a) | (a/b) | (c) | ((b-a)/c) |
|---|--|--|--|-------------------------------|----------------------------------|---|
| <u>Actuarial</u> <u>Valuation</u> <u>Date</u> | <u>Actuarial</u> <u>Value of</u> <u>Assets</u> | <u>(AAL)</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability</u> | <u>(UAAL)</u> <u>Unfunded</u> <u>AAL</u> | <u>Funded</u> <u>Ratio</u> | <u>Covered</u> <u>Payroll</u> | <u>UAAL as a %</u> <u>of Covered</u> <u>Payroll</u> |
| July 1, 2005 | \$41,146 | \$45,365 | \$4,219 | 90.70% | \$18,413 | 22.91% |
| July 1, 2003 | \$35,120 | \$39,876 | \$4,756 | 88.07% | \$17,291 | 27.51% |
| July 1, 2001 | \$30,077 | \$35,630 | \$5,553 | 84.41% | \$15,686 | 35.40% |

WCECD

Trend Information

| <u>Fiscal Year</u> <u>Ending</u> | <u>Annual Pension</u> <u>Cost (APC)</u> | <u>Percentage</u> <u>of APC</u> <u>Contributed</u> | <u>Net Pension</u> <u>Obligation</u> |
|-------------------------------------|--|--|---|
| June 30, 2006 | \$ 118,465 | 100% | \$ 0 |
| June 30, 2005 | \$ 110,064 | 100% | \$ 0 |
| June 30, 2004 | \$ 84,869 | 100% | \$ 0 |

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 15 - RETIREMENT PLAN (CONTINUED)

Required Supplementary Information (Continued)

Schedule of Funding Progress for Washington County Emergency Communications District
(Dollar Amounts in Thousands)

| | (a) | (b) | (b) - (a) | (a/b) | (c) | ((b-a)/c) |
|--------------|---------------|------------------|------------|--------|---------|----------------|
| | (AAL) | | | | | |
| Actuarial | Actuarial | Actuarial | (UAAL) | Funded | Covered | UAAL as a % |
| Valuation | Value of | Accrued | Unfunded | Ratio | Payroll | of Covered |
| <u>Date</u> | <u>Assets</u> | <u>Liability</u> | <u>AAL</u> | | | <u>Payroll</u> |
| July 1, 2005 | \$1,446 | \$ 1,679 | \$ 233 | 86.12% | \$1,106 | 21.07% |
| July 1, 2003 | \$1,114 | \$ 1,368 | \$ 254 | 81.43% | \$ 940 | 27.02% |
| July 1, 2001 | \$ 865 | \$ 1,134 | \$ 269 | 76.28% | \$ 836 | 32.18% |

Component Unit - Washington County Schools

Plan Description

The Washington County Schools contribute to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979 are vested after five years of service. Members joining prior to July 1, 1979 are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/schools/>.

WASHINGTON COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

NOTE 15 - RETIREMENT PLAN (CONTINUED)

Component Unit - Washington County Schools (continued)

Funding Policy

Most teachers are required by state statute to contribute 5.0% percent of salary to the plan. The employer contribution rate for Washington County Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2006 was 5.50% of annual covered payroll. The employer contribution requirement for Washington County Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2006, 2005, and 2004 were \$1,403,937, \$1,390,885, and \$790,602, respectively, equal to the required contributions for each year.

NOTE 16 - CONTINGENT LIABILITIES

The County is a defendant in various lawsuits. The outcome of these suits is not presently determinable. It is the opinion of the County Attorney that the resolution of these matters will not have a material adverse effect on the financial condition of the County.

SECTION III

REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON COUNTY, TENNESSEE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) (See Note A) | Variance with Final Budget- Favorable (Unfavorable) |
|---|------------------|------------|---|--|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 13,956,422 | 13,956,422 | 14,440,742 | 484,320 |
| Licenses and Permits | 359,000 | 359,000 | 437,038 | 78,038 |
| Fines, Forfeitures and Penalties | 244,000 | 254,000 | 387,785 | 133,785 |
| Charges for Current Services | 537,000 | 537,000 | 599,873 | 62,873 |
| Other Local Revenues | 246,830 | 247,830 | 653,711 | 405,881 |
| Revenue from State of Tennessee | 3,274,147 | 3,539,147 | 3,482,099 | (57,048) |
| Revenue from Federal Government | 70,911 | 1,567,054 | 1,602,961 | 35,907 |
| Revenue from Other Governments and Citizens Groups | 615,000 | 615,000 | 561,552 | (53,448) |
| TOTAL REVENUES | 19,303,310 | 21,075,453 | 22,165,761 | 1,090,308 |
| EXPENDITURES AND ENCUMBRANCES | | | | |
| County Commission | 166,983 | 166,983 | 157,566 | 9,417 |
| Boards and Committees | 500 | 500 | - | 500 |
| Board of Equalization | 18,030 | 18,030 | 2,939 | 15,091 |
| County Mayor | 165,534 | 165,534 | 160,575 | 4,959 |
| County Attorney | 32,268 | 32,268 | 31,867 | 401 |
| Election Commission | 408,446 | 408,446 | 325,025 | 83,421 |
| Register of Deeds | 467,429 | 429,429 | 356,286 | 73,143 |
| Planning and Zoning | 27,795 | 27,795 | 26,758 | 1,037 |
| Codes Compliance | 190,629 | 190,925 | 186,031 | 4,894 |
| County Building | 61,600 | 55,600 | 28,553 | 27,047 |
| Other General Administration | 2,027,936 | 2,057,936 | 1,806,616 | 251,320 |
| Accounting and Budgeting | 260,580 | 260,580 | 234,585 | 25,995 |
| Purchasing | 136,370 | 136,370 | 123,391 | 12,979 |
| Property Assessor | 425,119 | 425,119 | 355,901 | 69,218 |
| Reappraisal Program | 312,173 | 312,173 | 259,622 | 52,551 |
| Trustee | 392,483 | 392,483 | 323,015 | 69,468 |
| County Clerk | 740,442 | 740,442 | 674,909 | 65,533 |
| Circuit Court | 1,169,459 | 1,169,459 | 1,104,122 | 65,337 |
| Chancery Court | 455,868 | 473,988 | 448,225 | 25,763 |
| Judicial Court | 502,023 | 502,023 | 437,947 | 64,076 |
| Sheriff's Department | 4,353,021 | 4,335,021 | 4,167,632 | 167,389 |
| Substance Abuse Grant | 133,318 | 133,318 | 133,314 | 4 |
| Jail | 4,572,669 | 4,558,169 | 4,307,162 | 251,007 |
| Juvenile Services | 460,596 | 460,596 | 400,761 | 59,835 |
| Work Release Program | 21,726 | 21,726 | 21,031 | 695 |
| Federal Asset Forfeiture | - | 20,000 | 37,562 | (17,562) |
| JAG Grant | - | 30,298 | - | 30,298 |
| Fire Prevention and Control | 850,000 | 850,000 | 838,292 | 11,708 |
| Civil Defense | 62,000 | 72,517 | 72,269 | 248 |
| Rescue Squad | 74,300 | 74,300 | 74,300 | - |
| Emergency Management | - | - | 22,341 | (22,341) |
| County Coroner | 157,863 | 157,863 | 108,024 | 49,839 |
| School Resource Officer | 62,911 | 62,911 | 58,277 | 4,634 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) (See Note A) | Variance with Final Budget- Favorable (Unfavorable) |
|---|------------------|-------------|---|--|
| | Original | Final | | |
| EXPENDITURES AND ENCUMBRANCES (CONTINUED) | | | | |
| Other Public Safety | 327,057 | 360,147 | 38,597 | 321,550 |
| LLEBG Grant | - | 9,196 | 8,785 | 411 |
| Bulletproof Vest Partner Grant | - | 8,550 | 8,395 | 155 |
| County Health Center | 820,778 | 822,778 | 682,856 | 139,922 |
| Health Center Grant | 697,517 | 697,517 | 668,627 | 28,890 |
| Rabies and Animal Control | 115,000 | 115,000 | 115,000 | - |
| Ambulance Service | 1,081,656 | 1,205,617 | 1,205,368 | 249 |
| Alcohol and Drug Programs | 12,205 | 12,205 | 8,366 | 3,839 |
| Regional Mental Health Center | 65,250 | 65,250 | 65,250 | - |
| Public Welfare | 93,000 | 93,000 | 92,200 | 800 |
| Aid to Dependent Children | 5,000 | 5,000 | 5,000 | - |
| Sanitation Education | 55,576 | 55,576 | 48,748 | 6,828 |
| Senior Citizen's Assistance | 82,361 | 82,361 | 82,361 | - |
| Libraries | 102,500 | 102,500 | 102,500 | - |
| Social, Cultural and Recreational | 15,500 | 15,500 | 15,500 | - |
| Contributions to National Storytelling | 50,000 | 50,000 | 50,000 | - |
| Agriculture Extension Service | 198,745 | 198,745 | 156,006 | 42,739 |
| Forest Service | 1,500 | 1,500 | 1,500 | - |
| Soil Conservation | 40,986 | 40,986 | 40,941 | 45 |
| Storm Water Management | 33,235 | 33,235 | 32,519 | 716 |
| Agriculture and Natural Resources | 19,035 | 19,035 | 13,011 | 6,024 |
| Tourism | 6,971 | 6,971 | 6,971 | - |
| Industrial Development | 117,500 | 117,500 | 117,500 | - |
| Housing and Urban Development | - | 156,209 | 156,208 | 1 |
| Economic and Community Development | 21,250 | 21,250 | 21,250 | - |
| Airport | 33,000 | 33,000 | 33,000 | - |
| Contributions to Other Agencies | 34,200 | 34,200 | 31,845 | 2,355 |
| Employee Benefits | 2,560,000 | 2,860,000 | 2,531,749 | 328,251 |
| Judgments | 25,000 | 181,000 | 180,720 | 280 |
| Emergency Communications District | 312,102 | 312,102 | 312,102 | - |
| Capital Outlay | 420,400 | 2,261,951 | 1,844,473 | 417,478 |
| TOTAL EXPENDITURES AND ENCUMBRANCES | 26,057,395 | 28,720,683 | 25,962,246 | 2,758,437 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer to Library Fund | (377,116) | (377,116) | (377,116) | - |
| Transfer in | 15,000 | 15,000 | 15,000 | - |
| Transfer from Constitutional Officers - Fees Fund | 4,065,000 | 4,065,000 | 4,791,801 | 726,801 |
| TOTAL OTHER FINANCING SOURCES (USES) | 3,702,884 | 3,702,884 | 4,429,685 | 726,801 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures, Encumbrances and Other Financing Uses | (3,051,201) | (3,942,346) | 633,200 | 4,575,546 |
| Fund Balance, July 1, 2005 | 12,171,162 | 12,171,162 | 12,171,162 | - |
| Fund Balance, June 30, 2006 | \$ 9,119,961 | 8,228,816 | 12,804,362 | 4,575,546 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2006

Explanation of Differences between Budgetary Expenditures and GAAP Expenditures.

| | Actual Budgetary Basis | Budget to GAAP Differences (1) | | Actual GAAP Basis |
|--------------------------------|---------------------------|------------------------------------|-----------------------------------|----------------------|
| | | Less: Encumbrances 6/30/2006 | Add: Encumbrances 6/30/2005 | |
| TOTAL REVENUES | \$ 22,165,761 | - | - | 22,165,761 |
| EXPENDITURES | | | | |
| County Commission | 157,566 | - | - | 157,566 |
| Board of Equalization | 2,939 | - | - | 2,939 |
| County Mayor | 160,575 | - | - | 160,575 |
| County Attorney | 31,867 | - | - | 31,867 |
| Election Commission | 325,025 | - | - | 325,025 |
| Register of Deeds | 356,286 | - | - | 356,286 |
| Planning and Zoning | 26,758 | - | - | 26,758 |
| Codes Compliance | 186,031 | 189 | - | 185,842 |
| County Building | 28,553 | - | - | 28,553 |
| Other General Administration | 1,806,616 | 97,202 | 92,134 | 1,801,548 |
| Accounting and Budgeting | 234,585 | - | - | 234,585 |
| Purchasing | 123,391 | - | - | 123,391 |
| Property Assessor | 355,901 | - | 50 | 355,951 |
| Reappraisal Program | 259,622 | - | - | 259,622 |
| Trustee | 323,015 | - | - | 323,015 |
| County Clerk | 674,909 | - | - | 674,909 |
| Circuit Court | 1,104,122 | - | 3,180 | 1,107,302 |
| Chancery Court | 448,225 | - | 3,206 | 451,431 |
| Judicial Court | 437,947 | - | 809 | 438,756 |
| Sheriff's Department | 4,167,632 | 9,400 | 15,720 | 4,173,952 |
| Substance Abuse Grant | 133,314 | - | - | 133,314 |
| Jail | 4,307,162 | 8,484 | 18,000 | 4,316,678 |
| Juvenile Services | 400,761 | - | 4,509 | 405,270 |
| Work Release Program | 21,031 | - | - | 21,031 |
| Federal Asset Forfeiture | 37,562 | - | - | 37,562 |
| Fire Protection and Control | 838,292 | - | - | 838,292 |
| Civil Defense | 72,269 | - | 3,406 | 75,675 |
| Rescue Squad | 74,300 | - | - | 74,300 |
| Emergency Management | 22,341 | - | - | 22,341 |
| County Coroner | 108,024 | 270 | - | 107,754 |
| School Resource Officer | 58,277 | - | - | 58,277 |
| Other Public Safety | 38,597 | - | - | 38,597 |
| Bulletproof Vest Partner Grant | 8,395 | - | - | 8,395 |
| LLEBG Grant | 8,785 | - | 3,142 | 11,927 |
| County Health Center | 682,856 | 585 | 507 | 682,778 |
| Health Center Grant | 668,627 | - | - | 668,627 |
| Rabies and Animal Control | 115,000 | - | - | 115,000 |
| Ambulance Service | 1,205,368 | - | - | 1,205,368 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2006

Explanation of Differences between Budgetary Expenditures and GAAP Expenditures (continued).

| | Actual Budgetary Basis | Budget to GAAP Differences (1) | | Actual GAAP Basis |
|---|---------------------------|------------------------------------|-----------------------------------|----------------------|
| | | Less: Encumbrances 6/30/2006 | Add: Encumbrances 6/30/2005 | |
| EXPENDITURES (CONTINUED) | | | | |
| Alcohol and Drug Programs | 8,366 | - | - | 8,366 |
| Regional Mental Health Center | 65,250 | - | - | 65,250 |
| Public Welfare | 92,200 | - | - | 92,200 |
| Aid to Dependent Children | 5,000 | - | - | 5,000 |
| Sanitation Education | 48,748 | - | - | 48,748 |
| Senior Citizen's Assistance | 82,361 | - | - | 82,361 |
| Libraries | 102,500 | - | - | 102,500 |
| Social, Cultural and Recreational | 15,500 | - | - | 15,500 |
| Contributions to National Storytelling | 50,000 | - | - | 50,000 |
| Agriculture Extension Service | 156,006 | 300 | - | 155,706 |
| Forest Service | 1,500 | - | - | 1,500 |
| Soil Conservation | 40,941 | - | - | 40,941 |
| Storm Water Management | 32,519 | - | - | 32,519 |
| Agriculture and Natural Resources | 13,011 | 57 | - | 12,954 |
| Tourism | 6,971 | - | - | 6,971 |
| Industrial Development | 117,500 | - | - | 117,500 |
| Housing and Urban Development | 156,208 | - | - | 156,208 |
| Economic and Community Development | 21,250 | - | - | 21,250 |
| Airport | 33,000 | - | - | 33,000 |
| Contributions to Other Agencies | 31,845 | - | - | 31,845 |
| Employee Benefits | 2,531,749 | - | - | 2,531,749 |
| Judgments | 180,720 | - | - | 180,720 |
| Emergency Communications District | 312,102 | - | - | 312,102 |
| Capital Outlay | 1,844,473 | 853,175 | 35,889 | 1,027,187 |
| TOTAL EXPENDITURES | 25,962,246 | 969,662 | 180,552 | 25,173,136 |
| TOTAL OTHER FINANCING SOURCES (USES) | 4,429,685 | - | - | 4,429,685 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 633,200 | 969,662 | (180,552) | 1,422,310 |
| Fund Balance, July 1, 2005 | 12,171,162 | - | 180,552 | 12,351,714 |
| Fund Balance, June 30, 2006 | \$ 12,804,362 | 969,662 | 0 | 13,774,024 |

(1) Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes.

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
HIGHWAY FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) (See Note A) | Variance with Final Budget- Favorable (Unfavorable) |
|---|------------------|-------------|---|--|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 2,988,402 | 2,988,402 | 3,056,966 | 68,564 |
| Licenses and Permits | 1,000 | 1,000 | 637 | (363) |
| Charges for Current Services | 100,000 | 100,000 | 112,204 | 12,204 |
| Other Local Revenue | 141,000 | 141,000 | 425,625 | 284,625 |
| Revenue from State of Tennessee | 2,696,717 | 2,696,717 | 2,543,512 | (153,205) |
| Revenue from Federal Government | - | - | 4,892 | 4,892 |
| TOTAL REVENUES | 5,927,119 | 5,927,119 | 6,143,836 | 216,717 |
| EXPENDITURES AND ENCUMBRANCES | | | | |
| Administration | 585,068 | 595,436 | 583,367 | 12,069 |
| Highway and Bridge Maintenance | 2,228,342 | 2,155,648 | 1,908,122 | 247,526 |
| Operation and Maintenance of Equipment | 734,344 | 730,519 | 633,655 | 96,864 |
| Asphalt Plant Operations | 2,292,601 | 2,598,202 | 2,186,409 | 411,793 |
| Other Charges | 104,555 | 106,555 | 87,426 | 19,129 |
| Employee Benefits | 719,000 | 719,000 | 705,813 | 13,187 |
| Capital Outlay | 274,079 | 386,643 | 511,986 | (125,343) |
| TOTAL EXPENDITURES AND ENCUMBRANCES | 6,937,989 | 7,292,003 | 6,616,778 | 675,225 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer to Other Fund | - | - | (14,555) | (14,555) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | (14,555) | (14,555) |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures, Encumbrances and Other Financing Uses | (1,010,870) | (1,364,884) | (487,497) | 877,387 |
| Fund Balance, July 1, 2005 | 3,053,324 | 3,053,324 | 3,053,324 | - |
| Fund Balance, June 30, 2006 | \$ 2,042,454 | 1,688,440 | 2,565,827 | 877,387 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
HIGHWAY FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2006

Explanation of Differences between Budgetary Expenditures and GAAP Expenditures.

| | Actual Budgetary Basis | Budget to GAAP Differences (1) | | Actual GAAP Basis |
|---|---------------------------|------------------------------------|-----------------------------------|----------------------|
| | | Less: Encumbrances 6/30/2006 | Add: Encumbrances 6/30/2005 | |
| TOTAL REVENUES | \$ 6,143,836 | 0 | 0 | 6,143,836 |
| EXPENDITURES | | | | |
| Administration | 583,367 | - | - | 583,367 |
| Highway and Bridge Maintenance | 1,908,122 | 40 | - | 1,908,082 |
| Operation and Maintenance of Equipment | 633,655 | - | - | 633,655 |
| Asphalt Plant Operations | 2,186,409 | - | - | 2,186,409 |
| Other Charges | 87,426 | - | - | 87,426 |
| Employee Benefits | 705,813 | - | - | 705,813 |
| Capital Outlay | 511,986 | - | 130,950 | 642,936 |
| TOTAL EXPENDITURES | 6,616,778 | 40 | 130,950 | 6,747,688 |
| OTHER FINANCING SOURCES(USES) | | | | |
| Transfer to Other Funds | (14,555) | - | - | (14,555) |
| TOTAL OTHER FINANCING SOURCES(USES) | (14,555) | 0 | 0 | (14,555) |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (487,497) | 40 | (130,950) | (618,407) |
| Fund Balance, July 1, 2005 | 3,053,324 | - | 130,950 | 3,184,274 |
| Fund Balance, June 30, 2006 | \$ 2,565,827 | 40 | 0 | 2,565,867 |

(1) Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes.

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2006

BUDGETARY REPORTING

The Budgetary Comparison Schedules for the General and Highway Funds present comparisons of the original and final legally adopted budget with actual data.

Washington County is required by state statute to adopt annual budgets. Annual appropriated budgets are adopted for the General and Highway Funds. Budgets are prepared on the basis where current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. The inclusion of the encumbrances is not consistent with accounting principles generally accepted in the United States of America. All unencumbered appropriations lapse at fiscal year end.

The budgetary level of control is at the major category level. Management may make revisions within major categories except for certain line items such as salaries, but only the governing body may make revisions between major categories. During the year, several supplementary appropriations were necessary.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The Constitutional Officers - Fees Fund is used to account for transactions of the fee and commission accounts of the County Trustee, Clerks, Register and Sheriff. Transactions related to the fee and commission accounts of these officials are not subject to the budgetary control of the County Commission. As there is no legally adopted budget for this fund there is no budgetary comparison schedule presented in this report.

SECTION IV

SUPPLEMENTARY INFORMATION

WASHINGTON COUNTY, TENNESSEE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2006

| | Special Revenue Funds | | | | | | Total Nonmajor Governmental Funds |
|---|------------------------------------|-----------------|-----------------------|---------------------------------|------------------|-----------------------------|--|
| | Solid Waste/ Sanitation Fund | Library Fund | Drug Fines Fund | District Attorney General | Total | Capital Projects Fund | |
| ASSETS | | | | | | | |
| Equity in Pooled Cash and Deposits | \$ 732,346 | 59,820 | 220,843 | 8,109 | 1,021,118 | 990,434 | 2,011,552 |
| Due from State of Tennessee | 61,793 | - | - | - | 61,793 | - | 61,793 |
| Due from Other Local Governments | 4,522 | - | - | 151 | 4,673 | - | 4,673 |
| Due from Others | 23,412 | - | 297 | - | 23,709 | 1,166 | 24,875 |
| Taxes Receivable | 1,097,954 | - | - | - | 1,097,954 | - | 1,097,954 |
| Allowance for Uncollectibles | (1,065) | - | - | - | (1,065) | - | (1,065) |
| TOTAL ASSETS | <u>1,918,962</u> | <u>59,820</u> | <u>221,140</u> | <u>8,260</u> | <u>2,208,182</u> | <u>991,600</u> | <u>3,199,782</u> |
| LIABILITIES | | | | | | | |
| Accounts Payable | 874 | - | 18,773 | 545 | 20,192 | - | 20,192 |
| Accrued Expenses | 9,508 | 5,816 | - | - | 15,324 | - | 15,324 |
| Due to Other Funds | 12,540 | - | - | - | 12,540 | - | 12,540 |
| Deferred Revenues | 1,096,889 | - | - | - | 1,096,889 | - | 1,096,889 |
| TOTAL LIABILITIES | <u>1,119,811</u> | <u>5,816</u> | <u>18,773</u> | <u>545</u> | <u>1,144,945</u> | <u>-</u> | <u>1,144,945</u> |
| FUND EQUITY | | | | | | | |
| Reserved for: | | | | | | | |
| Public Safety | - | - | 16,889 | - | 16,889 | - | 16,889 |
| Unreserved, designated for, reported in: | | | | | | | |
| Special Revenue Funds | - | - | - | - | - | 968,300 | 968,300 |
| Unreserved, undesignated for, reported in: | | | | | | | |
| Special Revenue Funds | <u>799,151</u> | <u>54,004</u> | <u>185,478</u> | <u>7,715</u> | <u>1,046,348</u> | <u>23,300</u> | <u>1,069,648</u> |
| TOTAL FUND EQUITY | <u>799,151</u> | <u>54,004</u> | <u>202,367</u> | <u>7,715</u> | <u>1,063,237</u> | <u>991,600</u> | <u>2,054,837</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$ 1,918,962</u> | <u>59,820</u> | <u>221,140</u> | <u>8,260</u> | <u>2,208,182</u> | <u>991,600</u> | <u>3,199,782</u> |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2006

| | Special Revenue Funds | | | | | Capital Projects Fund | Total Nonmajor Governmental Funds |
|---|------------------------------------|-----------------|-----------------------|---------------------------------|-----------|-----------------------------|--|
| | Solid Waste/ Sanitation Fund | Library Fund | Drug Fines Fund | District Attorney General | Total | | |
| REVENUES | | | | | | | |
| Taxes | \$ 1,086,906 | - | - | - | 1,086,906 | - | 1,086,906 |
| Licenses and Permits | 228 | - | - | - | 228 | - | 228 |
| Fines, Forfeitures and Penalties | - | 7,813 | 64,051 | 19,721 | 91,585 | - | 91,585 |
| Charges for Current Services | 147,765 | 7,949 | - | - | 155,714 | - | 155,714 |
| Other Local Revenues | 188,537 | 7,484 | 67,362 | - | 263,383 | 19,101 | 282,484 |
| Revenue from State of Tennessee | 328,358 | - | - | - | 328,358 | - | 328,358 |
| Revenue from Other Governments and Citizens Groups | - | 7,000 | - | - | 7,000 | - | 7,000 |
| TOTAL REVENUES | 1,751,794 | 30,246 | 131,413 | 19,721 | 1,933,174 | 19,101 | 1,952,275 |
| EXPENDITURES | | | | | | | |
| General Government | - | - | 43,995 | 17,155 | 61,150 | 129,248 | 190,398 |
| Library | - | 448,402 | - | - | 448,402 | - | 448,402 |
| Sanitation | 1,520,333 | - | - | - | 1,520,333 | - | 1,520,333 |
| Capital Outlay | 54,222 | - | 62,732 | - | 116,954 | 203,000 | 319,954 |
| TOTAL EXPENDITURES | 1,574,555 | 448,402 | 106,727 | 17,155 | 2,146,839 | 332,248 | 2,479,087 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Note Proceeds | - | - | - | - | - | 760,000 | 760,000 |
| Transfers to Other Funds | - | - | - | - | - | (15,000) | (15,000) |
| Transfers from Other Funds | - | 377,116 | - | - | 377,116 | - | 377,116 |
| TOTAL OTHER FINANCING SOURCES (USES) | - | 377,116 | - | - | 377,116 | 745,000 | 1,122,116 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 177,239 | (41,040) | 24,686 | 2,566 | 163,451 | 431,853 | 595,304 |
| Fund Balance, July 1, 2005 | 621,912 | 95,044 | 177,681 | 5,149 | 899,786 | 559,747 | 1,459,533 |
| Fund Balance, June 30, 2006 | \$ 799,151 | 54,004 | 202,367 | 7,715 | 1,063,237 | 991,600 | 2,054,837 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SOLID WASTE / SANITATION FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) (See Note A) | Variance with Final Budget- Favorable (Unfavorable) |
|---------------------------------|-------------------|------------------|---|--|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 1,033,370 | 1,033,370 | 1,086,906 | 53,536 |
| Licenses and Permits | 200 | 200 | 228 | 28 |
| Charges for Current Services | 149,000 | 149,000 | 147,765 | (1,235) |
| Other Local Revenues | 40,000 | 40,000 | 188,537 | 148,537 |
| Revenue from State of Tennessee | 357,422 | 368,922 | 328,358 | (40,564) |
| TOTAL REVENUES | <u>1,579,992</u> | <u>1,591,492</u> | <u>1,751,794</u> | <u>160,302</u> |
| EXPENDITURES | | | | |
| Sanitation | 1,565,277 | 1,578,277 | 1,503,653 | 74,624 |
| Capital Outlay | 107,600 | 117,100 | 54,222 | 62,878 |
| TOTAL EXPENDITURES | <u>1,672,877</u> | <u>1,695,377</u> | <u>1,557,875</u> | <u>137,502</u> |
| Excess of Revenues Over (Under) | | | | |
| Expenditures | (92,885) | (103,885) | 193,919 | 297,804 |
| Fund Balance, July 1, 2005 | <u>605,232</u> | <u>605,232</u> | <u>605,232</u> | <u>-</u> |
| Fund Balance, June 30, 2006 | <u>\$ 512,347</u> | <u>501,347</u> | <u>799,151</u> | <u>297,804</u> |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SOLID WASTE/SANITATION FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2006

Note A-Explanation of Differences between Budgetary Expenditures and GAAP Expenditures.

| | Actual Budgetary Basis | Budget to GAAP Differences (1) | | Actual GAAP Basis |
|---|---------------------------|------------------------------------|-----------------------------------|----------------------|
| | | Less: Encumbrances 6/30/2006 | Add: Encumbrances 6/30/2005 | |
| TOTAL REVENUES | \$ 1,751,794 | 0 | 0 | 1,751,794 |
| EXPENDITURES | | | | |
| Sanitation Operations | 1,104,966 | - | - | 1,104,966 |
| Tire Center Operations | 398,687 | - | - | 398,687 |
| Recycling Center Operations | - | - | 16,680 | 16,680 |
| Capital Outlay | 54,222 | - | - | 54,222 |
| TOTAL EXPENDITURES | 1,557,875 | 0 | 16,680 | 1,574,555 |
| Excess of Revenues Over (Under) Expenditures | 193,919 | - | (16,680) | 177,239 |
| Fund Balance, July 1, 2005 | 605,232 | 0 | 16,680 | 621,912 |
| Fund Balance, June 30, 2006 | \$ 799,151 | 0 | 0 | 799,151 |

(1) Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes.

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
LIBRARY FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) (See Note A) | Variance with Final Budget- Favorable (Unfavorable) |
|---|------------------|----------|---|--|
| | Original | Final | | |
| REVENUES | | | | |
| Fines, Forfeitures and Penalties | \$ 4,000 | 4,000 | 7,813 | 3,813 |
| Charges for Current Services | 8,000 | 8,000 | 7,949 | (51) |
| Other Local Revenues | 100 | 100 | 7,484 | 7,384 |
| Revenue from Other Governments and Citizens Groups | 7,000 | 7,000 | 7,000 | - |
| TOTAL REVENUES | 19,100 | 19,100 | 30,246 | 11,146 |
| EXPENDITURES | | | | |
| General Government | - | - | - | - |
| Library | 451,819 | 457,847 | 448,402 | 9,445 |
| Sanitation | - | - | - | - |
| Capital Outlay | 6,000 | 2,672 | - | 2,672 |
| TOTAL EXPENDITURES | 457,819 | 460,519 | 448,402 | 12,117 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Note Proceeds | - | - | - | - |
| Transfers from Other Funds | 377,116 | 377,116 | 377,116 | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 377,116 | 377,116 | 377,116 | - |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (61,603) | (64,303) | (41,040) | 23,263 |
| Fund Balance, July 1, 2005 | 95,044 | 95,044 | 95,044 | - |
| Fund Balance, June 30, 2006 | \$ 33,441 | 30,741 | 54,004 | 23,263 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
 DRUG FINES FUND
 BUDGETARY COMPARISON SCHEDULE
 For the Fiscal Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) (See Note A) | Variance with Final Budget- Favorable (Unfavorable) |
|---|------------------|----------|---|--|
| | Original | Final | | |
| REVENUES | | | | |
| Fines, Forfeitures and Penalties | \$ 28,000 | 28,000 | 64,051 | 36,051 |
| Other Local Revenues | 1,000 | 1,000 | 67,362 | 66,362 |
| TOTAL REVENUES | 29,000 | 29,000 | 131,413 | 102,413 |
| EXPENDITURES | | | | |
| General Government | 46,000 | 42,000 | 43,995 | (1,995) |
| Capital Outlay | - | 19,000 | 18,950 | 50 |
| TOTAL EXPENDITURES | 46,000 | 61,000 | 62,945 | (1,945) |
| Excess of Revenues Over (Under) Expenditures | (17,000) | (32,000) | 68,468 | 100,468 |
| Fund Balance, July 1, 2005 | 133,899 | 133,899 | 133,899 | - |
| Fund Balance, June 30, 2006 | \$ 116,899 | 101,899 | 202,367 | 100,468 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
 DRUG FINES FUND
 BUDGETARY COMPARISON SCHEDULE
 For the Fiscal Year Ended June 30, 2006

Note A-Explanation of Differences between Budgetary Expenditures and GAAP Expenditures.

| | Actual Budgetary Basis | Budget to GAAP Differences (1) | | Actual GAAP Basis |
|---|---------------------------|------------------------------------|-----------------------------------|----------------------|
| | | Less: Encumbrances 6/30/2006 | Add: Encumbrances 6/30/2005 | |
| TOTAL REVENUES | \$ 131,413 | 0 | 0 | 131,413 |
| EXPENDITURES | | | | |
| Administration | 43,995 | - | - | 43,995 |
| Capital Outlay | 18,950 | - | 43,782 | 62,732 |
| TOTAL EXPENDITURES | 62,945 | 0 | 43,782 | 106,727 |
| Excess of Revenues Over (Under) Expenditures | 68,468 | - | (43,782) | 24,686 |
| Fund Balance, July 1, 2005 | 133,899 | - | 43,782 | 177,681 |
| Fund Balance, June 30, 2006 | \$ 202,367 | 0 | 0 | 202,367 |

(1) Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes.

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2006

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) (See Note A) | Variance with Final Budget- Favorable (Unfavorable) |
|---|------------------|----------|---|--|
| | Original | Final | | |
| REVENUES | | | | |
| Other Local Revenues | \$ 100 | 350 | 19,101 | 18,751 |
| TOTAL REVENUES | 100 | 350 | 19,101 | 18,751 |
| EXPENDITURES | | | | |
| General Government | - | 760,350 | 129,248 | 631,102 |
| TOTAL EXPENDITURES | 0 | 760,350 | 129,248 | 631,102 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Note Proceeds | - | 760,000 | 760,000 | - |
| Transfers to Other Funds | (15,000) | (15,000) | (15,000) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (15,000) | 745,000 | 745,000 | 0 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (14,900) | (15,000) | 634,853 | 649,853 |
| Fund Balance, July 1, 2005 | 356,747 | 356,747 | 356,747 | - |
| Fund Balance, June 30, 2006 | \$ 341,847 | 341,747 | 991,600 | 649,853 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2006

Note A-Explanation of Differences between Budgetary Expenditures and GAAP Expenditures.

| | Actual Budgetary Basis | Budget to GAAP Differences (1) | | Actual GAAP Basis |
|---|---------------------------|------------------------------------|-----------------------------------|----------------------|
| | | Less: Encumbrances 6/30/2006 | Add: Encumbrances 6/30/2005 | |
| TOTAL REVENUES | \$ 19,101 | 0 | 0 | 19,101 |
| EXPENDITURES | | | | |
| Administration | 129,248 | - | - | 129,248 |
| Capital Outlay | - | - | 203,000 | 203,000 |
| TOTAL EXPENDITURES | 129,248 | 0 | 203,000 | 332,248 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Note Proceeds | 760,000 | - | - | 760,000 |
| Transfer to Other Funds | (15,000) | - | - | (15,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | 745,000 | 0 | 0 | 745,000 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 634,853 | - | (203,000) | 431,853 |
| Fund Balance, July 1, 2005 | 356,747 | - | 203,000 | 559,747 |
| Fund Balance, June 30, 2006 | \$ 991,600 | 0 | 0 | 991,600 |

(1) Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes.

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
 COMPONENT UNIT - BOARD OF EDUCATION
 STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2006

| Functions/Programs | PROGRAM REVENUES | | | | NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS |
|--|------------------|-------------------------|--|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Board of Education |
| | | | | | Governmental Activities |
| COMPONENT UNIT | | | | | |
| GOVERNMENTAL ACTIVITIES | | | | | |
| Regular Instruction | \$ 32,770,310 | 8,575 | 2,539,659 | - | (30,222,076) |
| Special Education | 5,173,858 | - | 1,795,339 | - | (3,378,519) |
| Vocational Education | 1,966,988 | - | 209,842 | - | (1,757,146) |
| Adult Education | 6,046 | 3,820 | - | - | (2,226) |
| Attendance | 95,910 | - | - | - | (95,910) |
| Health Services | 696,857 | - | 88,187 | - | (608,670) |
| Other Student Support | 1,075,239 | - | 30,000 | - | (1,045,239) |
| Board of Education | 967,069 | - | - | - | (967,069) |
| Office of the Director | 498,810 | - | - | - | (498,810) |
| Office of the Principal | 2,453,061 | - | - | - | (2,453,061) |
| Fiscal Services | 165,533 | - | - | - | (165,533) |
| Operation of Plant | 2,971,228 | 5,545 | - | - | (2,965,683) |
| Maintenance of Plant | 1,455,664 | - | - | - | (1,455,664) |
| Transportation | 2,502,163 | - | - | - | (2,502,163) |
| Central and Other | 131,777 | - | 33,300 | - | (98,477) |
| Food Service | 3,352,650 | 1,539,782 | 1,798,963 | - | (13,905) |
| Community Service | 442,518 | 471,693 | - | - | 29,175 |
| Depreciation - All unallocated | 2,705,604 | - | - | - | (2,705,604) |
| TOTAL GOVERNMENTAL ACTIVITIES | 59,431,285 | 2,029,415 | 6,495,290 | 0 | (50,906,580) |
| GENERAL REVENUES | | | | | |
| Taxes | | | | | |
| Property Taxes | | | | | 9,399,928 |
| In Lieu of Taxes | | | | | 170,932 |
| Sales Taxes | | | | | 12,439,381 |
| Business Taxes | | | | | 333,981 |
| Miscellaneous | | | | | 114,764 |
| Other Local Governments | | | | | 78,522 |
| State Aid | | | | | 25,888,288 |
| Unrestricted Investment Earnings | | | | | 506,781 |
| Gain of Sale of Capital Assets | | | | | 12,813 |
| Special Item - Damages Recovered from Individuals | | | | | 4,030 |
| Contribution from Primary Government/Note Proceeds | | | | | 5,000,000 |
| Note Proceeds Remitted to Johnson City Schools | | | | | (2,152,800) |
| TOTAL GENERAL REVENUES AND SPECIAL ITEMS | | | | | 51,796,620 |
| CHANGE IN NET ASSETS | | | | | |
| Net Assets - Beginning | | | | | 890,040 |
| | | | | | 50,635,597 |
| Net Assets - Ending | | | | | \$ 51,525,637 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
 COMPONENT UNIT - BOARD OF EDUCATION
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 June 30, 2006

| | Washington County Board of Education | | | Total Washington County Board of Education |
|------------------------------------|--------------------------------------|---------------------------------|-----------------------------|---|
| | General Purpose School Fund | School Federal Projects Fund | School Food Service Fund | |
| ASSETS | | | | |
| Equity in Pooled Cash and Deposits | \$ 3,697,108 | (265,176) | - | 3,431,932 |
| Cash and Deposits | - | - | 651,059 | 651,059 |
| Accounts Receivable: | | | | |
| Due from State of Tennessee | 73,633 | - | - | 73,633 |
| Due from Federal Government | 222,628 | 302,713 | 282,563 | 807,904 |
| Other | - | 261 | - | 261 |
| Due from Other Funds | 22,707 | - | - | 22,707 |
| Sales Tax Receivable | 2,088,403 | - | - | 2,088,403 |
| Inventory - Food Service | - | - | 228,970 | 228,970 |
| Taxes Receivable | 10,092,506 | - | - | 10,092,506 |
| Allowance for Uncollectibles | (9,796) | - | - | (9,796) |
| TOTAL ASSETS | <u>\$ 16,187,189</u> | <u>37,798</u> | <u>1,162,592</u> | <u>17,387,579</u> |
| LIABILITIES AND FUND EQUITY | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ 379,967 | - | - | 379,967 |
| Accrued Expenses | - | - | 604 | 604 |
| Deferred Revenues | 10,082,710 | - | - | 10,082,710 |
| Due to Other Funds | - | 22,707 | - | 22,707 |
| TOTAL LIABILITIES | <u>10,462,677</u> | <u>22,707</u> | <u>604</u> | <u>10,485,988</u> |
| FUND EQUITY | | | | |
| Reserved for Encumbrances | 162,374 | 15,091 | - | 177,465 |
| Reserved for Inventory | - | - | 228,970 | 228,970 |
| Reserved for Special Projects | 1,581,314 | - | - | 1,581,314 |
| Unreserved | 3,980,824 | - | 933,018 | 4,913,842 |
| TOTAL FUND EQUITY | <u>5,724,512</u> | <u>15,091</u> | <u>1,161,988</u> | <u>6,901,591</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$ 16,187,189</u> | <u>37,798</u> | <u>1,162,592</u> | <u>17,387,579</u> |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
COMPONENT UNIT - BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2006

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS

\$ 6,901,591

Amounts reported for governmental activities in the statement of net assets are
different because:

Capital assets used in governmental activities are not financial resources and; therefore,
are not reported as assets in governmental funds. The cost of the assets is \$73,458,527
and the accumulated depreciation is \$29,189,725.

44,268,802

Taxes receivable will be collected this year, but are not available soon enough to
pay for the current period's expenditures and, therefore, are deferred in the funds.

480,009

Long-term liabilities are not due and payable in the current period and, therefore, are not
reported as liabilities in the funds. Long-term liabilities at year end consist of
compensated absences.

(124,765)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES

\$ 51,525,637

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
 COMPONENT UNIT - BOARD OF EDUCATION
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006

| | Washington County Board of Education | | | Total Washington County Board of Education |
|---|--------------------------------------|---------------------------------|-----------------------------|---|
| | General Purpose School Fund | School Federal Projects Fund | School Food Service Fund | |
| REVENUES | | | | |
| Taxes | \$ 22,453,110 | - | - | 22,453,110 |
| Licenses and Permits | 2,092 | - | - | 2,092 |
| Fines, Forfeitures and Penalties | 68,626 | - | - | 68,626 |
| Charges for Current Services | 491,192 | - | 1,539,782 | 2,030,974 |
| Other Local Revenue | 599,902 | - | 275 | 600,177 |
| Revenue from State of Tennessee | 26,262,804 | - | - | 26,262,804 |
| Revenue from Federal Government | 141,725 | 4,215,374 | 1,798,963 | 6,156,062 |
| TOTAL REVENUES | 50,019,451 | 4,215,374 | 3,339,020 | 57,573,845 |
| EXPENDITURES | | | | |
| Regular Instruction | 30,527,035 | 2,245,442 | - | 32,772,477 |
| Special Education | 3,738,499 | 1,449,014 | - | 5,187,513 |
| Vocational Education | 1,849,193 | 118,710 | - | 1,967,903 |
| Adult Education | 6,046 | - | - | 6,046 |
| Attendance | 95,910 | - | - | 95,910 |
| Health Services | 696,857 | - | - | 696,857 |
| Other Student Support | 984,193 | 91,046 | - | 1,075,239 |
| Board of Education | 967,069 | - | - | 967,069 |
| Office of the Director | 498,810 | - | - | 498,810 |
| Office of the Principal | 2,453,061 | - | - | 2,453,061 |
| Fiscal Services | 165,533 | - | - | 165,533 |
| Operation of Plant | 2,971,228 | - | - | 2,971,228 |
| Maintenance of Plant | 1,455,664 | - | - | 1,455,664 |
| Transportation | 2,255,124 | 247,039 | - | 2,502,163 |
| Central and Other | 131,777 | - | - | 131,777 |
| Food Service | 321,297 | - | 3,031,353 | 3,352,650 |
| Community Service | 442,518 | - | - | 442,518 |
| Capital Outlay | 2,904,108 | 50,000 | 21,862 | 2,975,970 |
| TOTAL EXPENDITURES | 52,463,922 | 4,201,251 | 3,053,215 | 59,718,388 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond Proceeds | 5,000,000 | - | - | 5,000,000 |
| Contribution to Johnson City Schools | (2,152,800) | - | - | (2,152,800) |
| TOTAL OTHER FINANCING SOURCES (USES) | 2,847,200 | - | - | 2,847,200 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 402,729 | 14,123 | 285,805 | 702,657 |
| Fund Balance, July 1, 2005 | 5,321,783 | 968 | 876,183 | 6,198,934 |
| Fund Balance, June 30, 2006 | \$ 5,724,512 | 15,091 | 1,161,988 | 6,901,591 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
COMPONENT UNIT - BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2006

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 702,657

Amounts reported for governmental activities in the statement of activities are
different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement
of activities, the costs of those assets are allocated over their estimated useful lives as
depreciation expense. This is the amount by which capital outlays \$2,975,970
are exceeded by depreciation (\$2,705,604) for the period. 270,366

The net effect of various miscellaneous transactions involving capital assets
(i.e. sale, out of service) is to decrease net assets. (24,282)

Because some property taxes will not be collected for several months after the district's fiscal
year ends, they are not considered "available" revenues and are deferred in the governmental
funds. Deferred tax revenues decreased by this amount for the current year. (41,440)

In the statement of activities compensated absences are measured by the amounts
earned during the year. In the governmental funds; however, expenditures
for these items are measured by the amount of financial resources used. Compensated
absences expended for the current year were greater than the amount earned. (17,261)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 890,040

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
 COMPONENT UNIT - BOARD OF EDUCATION
 GENERAL PURPOSE SCHOOL FUND
 BUDGETARY COMPARISON SCHEDULE
 For the Fiscal Year Ended June 30, 2006

| | Budgeted Amounts | | Actual (Budgetary Basis) (See Note A) | Variance with Final Budget - Favorable (Unfavorable) |
|---|---------------------|-------------------|---|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 22,023,226 | 22,342,851 | 22,453,110 | 110,259 |
| Licenses and Permits | 2,000 | 2,000 | 2,092 | 92 |
| Fines, Forfeitures and Penalties | 61,980 | 68,927 | 68,626 | (301) |
| Charges for Current Services | 445,480 | 497,660 | 491,192 | (6,468) |
| Other Local Revenue | 320,275 | 478,870 | 599,902 | 121,032 |
| Revenue from State of Tennessee | 27,595,581 | 28,212,871 | 26,262,804 | (1,950,067) |
| Revenue from Federal Government | 135,088 | 145,899 | 141,725 | (4,174) |
| TOTAL REVENUES | 50,583,630 | 51,749,078 | 50,019,451 | (1,729,627) |
| EXPENDITURES | | | | |
| Regular Instruction | 30,232,097 | 30,588,086 | 30,368,948 | 219,138 |
| Special Education Program | 3,787,234 | 3,765,399 | 3,738,499 | 26,900 |
| Vocational Education Program | 1,859,818 | 1,854,318 | 1,849,193 | 5,125 |
| Adult Education Program | 6,967 | 6,967 | 6,046 | 921 |
| Attendance | 97,262 | 97,262 | 95,973 | 1,289 |
| Health Services | 615,157 | 696,208 | 695,901 | 307 |
| Other Student Services | 925,452 | 984,307 | 984,193 | 114 |
| Board of Education | 974,969 | 1,004,969 | 967,069 | 37,900 |
| Office of Director | 508,049 | 508,049 | 498,810 | 9,239 |
| Office of Principal | 2,486,764 | 2,467,764 | 2,453,061 | 14,703 |
| Fiscal Services | 163,461 | 167,361 | 165,533 | 1,828 |
| Operation of Plant | 2,911,587 | 3,089,239 | 2,971,228 | 118,011 |
| Maintenance of Plant | 1,426,390 | 1,491,367 | 1,452,471 | 38,896 |
| Transportation | 2,082,678 | 2,283,492 | 2,226,561 | 56,931 |
| Central and Other | 146,482 | 146,482 | 131,777 | 14,705 |
| Food Service | 269,623 | 321,623 | 321,297 | 326 |
| Community Service | 424,980 | 473,660 | 442,208 | 31,452 |
| Capital Outlay | 715,087 | 3,463,358 | 2,797,810 | 665,548 |
| TOTAL EXPENDITURES | 49,634,057 | 53,409,911 | 52,166,578 | 1,243,333 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond Proceeds | - | 2,847,200 | 5,000,000 | 2,152,800 |
| Contribution to Johnson City BOE | - | - | (2,152,800) | (2,152,800) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | 2,847,200 | 2,847,200 | - |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 949,573 | 1,186,367 | 700,073 | (486,294) |
| Fund Balance, July 1, 2005 | 4,862,065 | 4,862,065 | 4,862,065 | - |
| Fund Balance, June 30, 2006 | <u>\$ 5,811,638</u> | <u>6,048,432</u> | <u>5,562,138</u> | <u>(486,294)</u> |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
 COMPONENT UNIT - BOARD OF EDUCATION
 GENERAL PURPOSE SCHOOL FUND
 BUDGETARY COMPARISON SCHEDULE
 For the Fiscal Year Ended June 30, 2006

Note A-Explanation of Differences between Budgetary Expenditures and GAAP Expenditures.

| | Budget to GAAP Differences (1) | | | Actual GAAP Basis |
|---|--------------------------------|------------------------------------|-----------------------------------|----------------------|
| | Actual Budgetary Basis | Less: Encumbrances 6/30/2006 | Add: Encumbrances 6/30/2005 | |
| TOTAL REVENUES | \$ 50,019,451 | - | - | 50,019,451 |
| EXPENDITURES | | | | |
| Regular Instruction | 30,368,948 | 107,951 | 266,038 | 30,527,035 |
| Special Education Program | 3,738,499 | - | - | 3,738,499 |
| Vocational Education Program | 1,849,193 | - | - | 1,849,193 |
| Adult Education Program | 6,046 | - | - | 6,046 |
| Attendance | 95,973 | 63 | - | 95,910 |
| Health Services | 695,901 | - | 956 | 696,857 |
| Other Student Services | 984,193 | - | - | 984,193 |
| Board of Education | 967,069 | - | - | 967,069 |
| Office of Director | 498,810 | - | - | 498,810 |
| Office of Principal | 2,453,061 | - | - | 2,453,061 |
| Fiscal Services | 165,533 | - | - | 165,533 |
| Operation of Plant | 2,971,228 | - | - | 2,971,228 |
| Maintenance of Plant | 1,452,471 | 34,263 | 37,456 | 1,455,664 |
| Transportation | 2,226,561 | - | 28,563 | 2,255,124 |
| Central and Other | 131,777 | - | - | 131,777 |
| Food Service | 321,297 | - | - | 321,297 |
| Community Service | 442,208 | 170 | 480 | 442,518 |
| Capital Outlay | 2,797,810 | 19,927 | 126,225 | 2,904,108 |
| TOTAL EXPENDITURES | 52,166,578 | 162,374 | 459,718 | 52,463,922 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond Proceeds | 5,000,000 | - | - | 5,000,000 |
| Contribution to Johnson City Schools | (2,152,800) | - | - | (2,152,800) |
| TOTAL OTHER FINANCING SOURCES (USES) | 2,847,200 | - | - | 2,847,200 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 700,073 | 162,374 | (459,718) | 402,729 |
| Fund Balance, July 1, 2005 | 4,862,065 | - | 459,718 | 5,321,783 |
| Fund Balance, June 30, 2006 | \$ 5,562,138 | 162,374 | - | 5,724,512 |

(1) Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes.

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT AND OTHER NOTES PAYABLE
For the Fiscal Year Ended June 30, 2006

| Description of Indebtedness | Creditor | Authority | Original Amount of Issue | Interest Rate | Date of Issue | Maturity Date | Outstanding 7/1/2005 | Issued During Period | Paid and/or Matured During Period | Outstanding 6/30/2006 | Anticipated Source of Revenue |
|--|---------------|---------------------------------------|--------------------------|----------------|---------------|---------------|----------------------|----------------------|-----------------------------------|-----------------------|-------------------------------|
| NOTES PAYABLE | | | | | | | | | | | |
| PAYABLE THROUGH DEBT SERVICE FUND | | | | | | | | | | | |
| Note - General Projects Industrial Park Land | Mary Goings | Sections 5-10-501 to 5-10-509, T.C.A. | \$ 1,086,604 | 5.00% | 3/13/1999 | 3/13/2009 | 380,304 | - | 100,900 | 279,404 | Ad Valorem |
| 02 Series Refunding Capital Outlay | JP Morgan | Sections 5-10-501 to 5-10-509, T.C.A. | 8,880,000 | 4.00% | 2/1/2002 | 2/1/2008 | 3,435,000 | - | 1,510,000 | 1,925,000 | Ad Valorem |
| Highway Department Capital Outlay | Suntrust | Sections 5-10-501 to 5-10-509, T.C.A. | 338,720 | 3.69% | 3/4/2002 | 3/4/2007 | 135,488 | - | 67,744 | 67,744 | Ad Valorem |
| Highway Department Capital Outlay | First TN Bank | Sections 5-10-501 to 5-10-509, T.C.A. | 211,000 | 3.05% | 3/25/2003 | 3/25/2010 | 150,800 | - | 30,100 | 120,700 | Ad Valorem |
| Sheriff Department Capital Outlay | First TN Bank | Sections 5-10-501 to 5-10-509, T.C.A. | 225,000 | 2.55% | 11/14/2002 | 11/14/2005 | 75,000 | - | 75,000 | - | Ad Valorem |
| Board of Education Capital Outlay | Suntrust | Sections 5-10-501 to 5-10-509, T.C.A. | 4,742,000 | 1.40% 3.80% | 4/29/2003 | 4/29/2015 | 3,952,000 | - | 395,000 | 3,557,000 | Ad Valorem |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT AND OTHER NOTES PAYABLE
For the Fiscal Year Ended June 30, 2006

| Description of Indebtedness | Creditor | Authority | Original Amount of Issue | Interest Rate | Date of Issue | Maturity Date | Outstanding 7/1/2005 | Issued During Period | Paid and/or Matured During Period | Outstanding 6/30/2006 | Anticipated Source of Revenue |
|---|---------------|---------------------------------------|--------------------------|----------------|---------------|---------------|----------------------|----------------------|-----------------------------------|-----------------------|-------------------------------|
| NOTES PAYABLE (CONTINUED) | | | | | | | | | | | |
| Solid Waste Department Capital Outlay | First TN Bank | Sections 5-10-501 to 5-10-509, T.C.A. | 101,000 | 2.30% | 11/14/2003 | 11/14/2006 | 67,300 | - | 33,700 | 33,600 | Ad Valorem |
| Highway Department Capital Outlay | Suntrust | Sections 5-10-501 to 5-10-509, T.C.A. | 203,000 | 2.75% 3.10% | 1/27/2005 | 1/27/2008 | 203,000 | - | 68,000 | 135,000 | Ad Valorem |
| Highway Department Capital Outlay | AmSouth | Sections 5-10-501 to 5-10-509, T.C.A. | 760,000 | 3.58% | 12/28/2005 | 12/28/2008 | - | 760,000 | - | 760,000 | Ad Valorem |
| Board of Education Capital Outlay | Suntrust | Sections 5-10-501 to 5-10-509, T.C.A. | 5,000,000 | 3.20% 3.80% | 9/15/2005 | 9/15/2017 | - | 5,000,000 | - | 5,000,000 | Ad Valorem |
| TOTAL NOTES PAYABLE - PAYABLE THROUGH DEBT SERVICE FUND | | | | | | | <u>\$ 8,398,892</u> | <u>5,760,000</u> | <u>2,280,444</u> | <u>11,878,448</u> | |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT AND OTHER NOTES PAYABLE
For the Fiscal Year Ended June 30, 2006

| Description of Indebtedness | Authority | Original Amount of Issue | Interest Rate | Date of Issue | Maturity Date | Outstanding 7/1/2005 | Issued During Period | Paid and/or Matured During Period | Outstanding 6/30/2006 | Anticipated Source of Revenue |
|---|--------------------------------------|--------------------------|-----------------|---------------|---------------|----------------------|----------------------|-----------------------------------|-----------------------|-------------------------------|
| GENERAL BONDED DEBT | | | | | | | | | | |
| PAYABLE THROUGH COUNTY TRUSTEE | | | | | | | | | | |
| School Bonds | Section 9-21-901 to 9-21-909, T.C.A. | 4,800,000 | 4.40% 4.70% | 5/1/1998 | 5/1/2013 | \$ 600,000 | - | 200,000 | 400,000 | Ad Valorem |
| School Bonds (1999) | Section 9-21-901 to 9-21-909, T.C.A. | 8,100,000 | 4.90% 5.20% | 10/21/1999 | 10/21/2018 | 2,600,000 | - | 500,000 | 2,100,000 | Ad Valorem |
| School Bonds (1999) | Section 9-21-901 to 9-21-909, T.C.A. | 8,100,000 | 3.55% 5.50% | 3/1/1999 | 3/1/2013 | 2,950,000 | - | - | 2,950,000 | Ad Valorem |
| School Bonds (2000) | Section 9-21-901 to 9-21-909, T.C.A. | 6,100,000 | 4.50% 4.875% | 12/1/2000 | 10/1/2015 | 5,100,000 | - | 250,000 | 4,850,000 | Ad Valorem |
| 2002 Series GO Refunding | Section 9-21-901 to 9-21-909, T.C.A. | 3,680,000 | 3.50% | 2/1/2002 | 2/1/2007 | 1,555,000 | - | 765,000 | 790,000 | Ad Valorem |
| School Bonds (2004) | Section 9-21-901 to 9-21-909, T.C.A. | 19,700,000 | 2.70% 5.00% | 9/15/2004 | 6/30/2018 | 19,700,000 | - | - | 19,700,000 | Ad Valorem |
| TOTAL GENERAL BONDED DEBT - PAYABLE THROUGH COUNTY TRUSTEE | | | | | | <u>\$ 32,505,000</u> | <u>-</u> | <u>1,715,000</u> | <u>30,790,000</u> | |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF TRANSFERS - ALL FUNDS
For the Fiscal Year Ended June 30, 2006

| From Fund | To Fund | Purpose | Amount |
|--|--------------|---------------------------------|---------------------|
| OPERATING TRANSFERS | | | |
| General | Library | To provide funds for operations | \$ 377,116 |
| Constitutional Officers - Fees Fund | General Fund | Excess fees and commissions | 4,791,801 |
| Capital Projects | General | Fire hydrants | 15,000 |
| Highway | Debt Service | Quarry payment | <u>14,555</u> |
| TOTAL OPERATING TRANSFERS | | | <u>\$ 5,198,472</u> |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF SALARIES AND OFFICIAL BONDS OF PRINCIPAL OFFICIALS
For the Fiscal Year Ended June 30, 2006

| | Authorization for Salary | Salary Paid During Period | Special Commissioner Fees | Bond | Surety |
|---------------------------|---|---------------------------------|---------------------------------|-----------|---|
| COUNTY MAYOR | Section 8-24-102, T.C.A. | \$82,643 | | 50,000 | Traveler's Property & Casualty |
| HIGHWAY SUPERINTENDENT | Section 54-7-106, T.C.A. | 71,522 | | 100,000 | United States Fidelity & Guaranty Company |
| DIRECTOR OF SCHOOLS | Minimum Salary - State Board of Education Schedule plus local supplement to comply with Southern Association of Schools Requirements | 104,124 | | 100,000 | Western Surety Company |
| TRUSTEE | Section 8-24-102, T.C.A. | 65,048 | | 1,631,900 | Traveler's Property & Casualty |
| ASSESSOR OF PROPERTY | Section 8-24-102, T.C.A. | 65,048 | | 10,000 | Jonesborough Insurance Agency |
| COUNTY CLERK | Section 8-24-102, T.C.A. | 65,048 | | 50,000 | Traveler's Property & Casualty |
| CIRCUIT COURT CLERK | Section 8-24-102, T.C.A. | 65,048 | | 50,000 | Traveler's Property & Casualty |
| CLERK AND MASTER | Section 8-24-102, T.C.A. | 65,048 | | 60,000 | Traveler's Property & Casualty |
| | Section 8-21-801, T.C.A. | | 15,937 | | |
| REGISTER | Section 8-24-102, T.C.A. | 65,048 | | 50,000 | Traveler's Property & Casualty |
| SHERIFF | Section 8-24-102, T.C.A. | 71,552 | | 50,000 | Traveler's Property & Casualty |
| | Section 8-24-111, T.C.A. | 7,155 | | | |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES - ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

| Source | County General | Special Revenue Funds | Total Capital Projects Funds | Debt Service Fund | Total Primary Government (Memorandum Only) | Total Component Units | Total Reporting Entity (Memorandum Only) |
|---|-------------------|-----------------------------|---------------------------------------|-------------------------|---|-----------------------------|---|
| TAXES | | | | | | | |
| Current Property Taxes | \$ 12,126,780 | 3,673,184 | - | 4,447,622 | 20,247,586 | 8,889,288 | 29,136,874 |
| Taxes Prior Years | | | | | | | |
| Trustee | 495,080 | 149,345 | - | 180,928 | 825,353 | 387,857 | 1,213,210 |
| Clerk and Master | 98,628 | 29,745 | - | 36,007 | 164,380 | 74,046 | 238,426 |
| Interest and Penalty | 123,442 | 37,236 | - | 45,102 | 205,780 | 90,176 | 295,956 |
| Pick-Up Taxes | 38,419 | 11,587 | - | 14,026 | 64,032 | - | 64,032 |
| Tax Equivalent | | | | | | | |
| Federal | 2,603 | 786 | - | 950 | 4,339 | 3,388 | 7,727 |
| Local | 214,965 | 80,390 | - | 78,476 | 373,831 | 156,852 | 530,683 |
| Other | 3,518 | - | - | 1,284 | 4,802 | 10,693 | 15,495 |
| Excise Tax | 78,170 | 23,575 | - | 28,538 | 130,283 | 57,039 | 187,322 |
| Local Option Sales Tax | - | - | - | - | - | 12,439,381 | 12,439,381 |
| Interstate Telecommunications | 8,413 | - | - | - | 8,413 | 10,409 | 18,822 |
| Litigation Tax | 352,378 | - | - | - | 352,378 | - | 352,378 |
| Business Tax | 457,660 | 138,024 | - | 167,082 | 762,766 | 333,981 | 1,096,747 |
| Beer Tax | 325,834 | - | - | - | 325,834 | - | 325,834 |
| Other Statutory Local Tax | 114,852 | - | - | - | 114,852 | - | 114,852 |
| TOTAL TAXES | 14,440,742 | 4,143,872 | - | 5,000,015 | 23,584,629 | 22,453,110 | 46,037,739 |
| LICENSES AND PERMITS | | | | | | | |
| Marriage Licenses | 2,868 | 865 | - | 1,047 | 4,780 | 2,092 | 6,872 |
| Cable TV Franchise | 305,336 | - | - | - | 305,336 | - | 305,336 |
| Building Permits | 124,374 | - | - | - | 124,374 | - | 124,374 |
| Handgun Permits | 4,460 | - | - | - | 4,460 | - | 4,460 |
| TOTAL LICENSES AND PERMITS | 437,038 | 865 | - | 1,047 | 438,950 | 2,092 | 441,042 |
| FINES, FORFEITURES AND PENALTIES | | | | | | | |
| Circuit Court | 65,515 | 74,655 | - | - | 140,170 | 68,626 | 208,796 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES - ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

| Source | County General | Special Revenue Funds | Total Capital Projects Funds | Debt Service Fund | Total Primary Government (Memorandum Only) | Total Component Units | Total Reporting Entity (Memorandum Only) |
|---|-------------------|-----------------------------|---------------------------------------|-------------------------|---|-----------------------------|---|
| FINES, FORFEITURES AND PENALTIES (CONTINUED) | | | | | | | |
| Criminal Court | 98,866 | - | - | - | 98,866 | - | 98,866 |
| General Sessions Court | 188,057 | 16,930 | - | - | 204,987 | - | 204,987 |
| Chancery Court | 32,926 | - | - | - | 32,926 | - | 32,926 |
| Other Courts | 2,421 | - | - | - | 2,421 | - | 2,421 |
| TOTAL FINES, FORFEITURES AND PENALTIES | 387,785 | 91,585 | - | - | 479,370 | 68,626 | 547,996 |
| CHARGES FOR CURRENT SERVICES | | | | | | | |
| Breakfast and Lunch Payments | - | - | - | - | - | 1,122,209 | 1,122,209 |
| Ala Carte Sales | - | - | - | - | - | 261,581 | 261,581 |
| Indirect Cost | - | - | - | - | - | 155,992 | 155,992 |
| Tuition and Fees | - | - | - | - | - | 491,192 | 491,192 |
| Other Employee Benefit | 531,563 | - | - | - | 531,563 | - | 531,563 |
| Work Release | 68,310 | 267,918 | - | - | 336,228 | - | 336,228 |
| TOTAL CHARGES FOR CURRENT SERVICES | 599,873 | 267,918 | - | - | 867,791 | 2,030,974 | 2,898,765 |
| OTHER LOCAL REVENUES | | | | | | | |
| Interest Earned | 393,645 | 105,686 | 19,101 | 200,841 | 719,273 | 506,781 | 1,226,054 |
| Sale of Property | 28,935 | 227,996 | - | - | 256,931 | - | 256,931 |
| Refunds | 44,814 | 6,749 | - | - | 51,563 | - | 51,563 |
| Insurance Recovery | 5,634 | 16,005 | - | - | 21,639 | - | 21,639 |
| Damages from Individuals | 2,945 | - | - | - | 2,945 | 4,030 | 6,975 |
| Employee Benefit Charges | - | 131,937 | - | - | 131,937 | - | 131,937 |
| Rentals | - | - | - | - | - | 5,545 | 5,545 |
| Contributions | 1,000 | - | - | - | 1,000 | 700 | 1,700 |
| Fingerprinting Services | 2,045 | 1,000 | - | - | 3,045 | - | 3,045 |
| Proceeds-Confiscated Property | - | 61,615 | - | - | 61,615 | - | 61,615 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES - ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

| Source | County General | Special Revenue Funds | Total Capital Projects Funds | Debt Service Fund | Total Primary Government (Memorandum Only) | Total Component Units | Total Reporting Entity (Memorandum Only) |
|---|-------------------|-----------------------------|---------------------------------------|-------------------------|---|-----------------------------|---|
| OTHER LOCAL REVENUES (CONTINUED) | | | | | | | |
| Other Local Revenue | 115,401 | 375 | - | - | 115,776 | 83,121 | 198,897 |
| Commissary Sales | 59,292 | - | - | - | 59,292 | - | 59,292 |
| Lease | - | 137,645 | - | - | 137,645 | - | 137,645 |
| Special Commissioner Fees | - | 15,037 | - | - | 15,037 | - | 15,037 |
| TOTAL OTHER LOCAL REVENUES | 653,711 | 704,045 | 19,101 | 200,841 | 1,577,698 | 600,177 | 2,177,875 |
| FROM STATE OF TENNESSEE | | | | | | | |
| Beer Tax | 17,212 | - | - | - | 17,212 | - | 17,212 |
| Income Tax | 105,000 | - | - | - | 105,000 | - | 105,000 |
| Alcoholic Beverage | 98,405 | - | - | - | 98,405 | 1,291 | 99,696 |
| State Preschool Funds | - | - | - | - | - | 118,187 | 118,187 |
| State Salary Supplements | 16,380 | - | - | - | 16,380 | - | 16,380 |
| Litter Grant | 46,757 | - | - | - | 46,757 | - | 46,757 |
| Contracted Prisoner Board | 1,655,428 | - | - | - | 1,655,428 | - | 1,655,428 |
| Basic Education Program | - | - | - | - | - | 24,900,313 | 24,900,313 |
| Gasoline and Motor Fuel | - | 2,216,757 | - | - | 2,216,757 | - | 2,216,757 |
| Gasoline Inspection Fee | - | 86,233 | - | - | 86,233 | - | 86,233 |
| Mineral Severance Tax | - | 22,107 | - | - | 22,107 | - | 22,107 |
| Bridge Program | - | 168,037 | - | - | 168,037 | - | 168,037 |
| Health Department Programs | 819,019 | - | - | - | 819,019 | - | 819,019 |
| Driver Education | - | - | - | - | - | 32,785 | 32,785 |
| Law Enforcement Training | 37,346 | - | - | - | 37,346 | - | 37,346 |
| Reappraisal Program | 32,313 | - | - | - | 32,313 | - | 32,313 |
| Substance Grant | 99,985 | - | - | - | 99,985 | - | 99,985 |
| TVA Replacement | 226,695 | 68,370 | - | 82,762 | 377,827 | 295,064 | 672,891 |
| Juvenile Grant | 12,000 | - | - | - | 12,000 | - | 12,000 |
| Career Ladder/Extended Contract | - | - | - | - | - | 692,911 | 692,911 |
| Juvenile Services | 9,000 | - | - | - | 9,000 | - | 9,000 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES - ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

| Source | County General | Special Revenue Funds | Total Capital Projects Funds | Debt Service Fund | Total Primary Government (Memorandum Only) | Total Component Units | Total Reporting Entity (Memorandum Only) |
|--------------------------------------|-------------------|-----------------------------|---------------------------------------|-------------------------|---|-----------------------------|---|
| FROM STATE OF TENNESSEE (CONTINUED) | | | | | | | |
| Board of Jurors | 2,930 | - | - | - | 2,930 | - | 2,930 |
| Tires/Solid Waste Grant | - | 310,366 | - | - | 310,366 | - | 310,366 |
| Other State Revenues | 303,629 | - | - | - | 303,629 | 222,253 | 525,882 |
| TOTAL FROM STATE OF TENNESSEE | 3,482,099 | 2,871,870 | - | 82,762 | 6,436,731 | 26,262,804 | 32,699,535 |
| FROM FEDERAL GOVERNMENT | | | | | | | |
| School Lunch Funds | - | - | - | - | - | 1,401,500 | 1,401,500 |
| School Breakfast Funds | - | - | - | - | - | 397,463 | 397,463 |
| D.A.R.E. | - | - | - | - | - | 4,250 | 4,250 |
| R.O.T.C. | - | - | - | - | - | 107,727 | 107,727 |
| Title I Funds | - | - | - | - | - | 1,743,941 | 1,743,941 |
| Title II Funds | - | - | - | - | - | 467,926 | 467,926 |
| Title IV Funds | - | - | - | - | - | 45,723 | 45,723 |
| Title V Funds | - | - | - | - | - | 48,407 | 48,407 |
| Preschool and IDEA | - | - | - | - | - | 1,695,285 | 1,695,285 |
| Indirect Costs | - | - | - | - | - | 33,998 | 33,998 |
| Program Improvement | - | - | - | - | - | 209,842 | 209,842 |
| Prisoner Board | 989 | - | - | - | 989 | - | 989 |
| COPS | 29,076 | - | - | - | 29,076 | - | 29,076 |
| Asset Forfeiture Funds | 44,793 | - | - | - | 44,793 | - | 44,793 |
| Homeland Security Grants | 1,311,737 | - | - | - | 1,311,737 | - | 1,311,737 |
| Law Enforcement Grants | 12,110 | - | - | - | 12,110 | - | 12,110 |
| Federal Incentive | 9,200 | - | - | - | 9,200 | - | 9,200 |
| RSAT Expansion | 156,208 | - | - | - | 156,208 | - | 156,208 |
| Emergency Watershed Protection | - | 4,892 | - | - | 4,892 | - | 4,892 |
| Other Federal Revenues | 38,848 | - | - | - | 38,848 | - | 38,848 |
| TOTAL FROM FEDERAL GOVERNMENT | 1,602,961 | 4,892 | - | - | 1,607,853 | 6,156,062 | 7,763,915 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES - ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

| Source | County General | Special Revenue Funds | Total Capital Projects Funds | Debt Service Fund | Total Primary Government (Memorandum Only) | Total Component Units | Total Reporting Entity (Memorandum Only) |
|---|-------------------|-----------------------------|---------------------------------------|-------------------------|---|-----------------------------|---|
| REVENUE FROM OTHER GOVERNMENTS AND CITIZEN GROUPS | | | | | | | |
| Donations from Town of Jonesborough | 70,110 | 7,000 | - | - | 77,110 | - | 77,110 |
| Reimbursement - Local Governments | 491,442 | - | - | - | 491,442 | - | 491,442 |
| TOTAL REVENUE FROM OTHER GOVERNMENTS AND CITIZENS GROUPS | 561,552 | 7,000 | 0 | 0 | 568,552 | 0 | 568,552 |
| EXCESS FEES AND COMMISSIONS RECEIVED FROM COUNTY OFFICIALS | | | | | | | |
| Fees | - | 2,841,504 | - | - | 2,841,504 | - | 2,841,504 |
| Commissions | - | 1,960,400 | - | - | 1,960,400 | - | 1,960,400 |
| TOTAL EXCESS FEES AND COMMISSIONS RECEIVED FROM COUNTY OFFICIALS | 0 | 4,801,904 | 0 | 0 | 4,801,904 | 0 | 4,801,904 |
| TOTAL REVENUES | \$ 22,165,761 | 12,893,951 | 19,101 | 5,284,665 | 40,363,478 | 57,573,845 | 97,937,323 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES - SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2006

| Source | Highway Fund | Solid Waste/ Sanitation Fund | Library Fund | Drug Fines Fund | District Attorney General | Constitutional Officers | Total Special Revenue Funds |
|---|------------------|------------------------------------|-----------------|-----------------------|---------------------------------|----------------------------|--------------------------------------|
| TAXES | | | | | | | |
| Current Property Taxes | \$ 2,706,310 | 966,874 | - | - | - | - | 3,673,184 |
| Taxes Prior Years: | | | | | | | |
| Trustee | 110,060 | 39,285 | - | - | - | - | 149,345 |
| Clerk and Master | 21,917 | 7,828 | - | - | - | - | 29,745 |
| Interest and Penalty | 27,440 | 9,796 | - | - | - | - | 37,236 |
| Pick-Up Taxes | 8,538 | 3,049 | - | - | - | - | 11,587 |
| Tax Equivalent: | | | | | | | |
| Federal | 579 | 207 | - | - | - | - | 786 |
| Local and Other | 63,049 | 17,341 | - | - | - | - | 80,390 |
| Excise Tax | 17,371 | 6,204 | - | - | - | - | 23,575 |
| Business Tax | 101,702 | 36,322 | - | - | - | - | 138,024 |
| TOTAL TAXES | 3,056,966 | 1,086,906 | - | - | - | - | 4,143,872 |
| LICENSES AND PERMITS | | | | | | | |
| Marriage Licenses | 637 | 228 | - | - | - | - | 865 |
| TOTAL LICENSES AND PERMITS | 637 | 228 | - | - | - | - | 865 |
| FINES, FORFEITURES AND PENALTIES | | | | | | | |
| Fees and Dues | - | - | 7,813 | 119 | - | - | 7,932 |
| Circuit & Criminal Courts | - | - | - | 47,002 | 19,721 | - | 66,723 |
| General Sessions Court | - | - | - | 16,930 | - | - | 16,930 |
| TOTAL FINES, FORFEITURES AND PENALTIES | - | - | 7,813 | 64,051 | 19,721 | - | 91,585 |
| CHARGES FOR CURRENT SERVICES | | | | | | | |
| Other Charges | 112,204 | 147,765 | 7,949 | - | - | - | 267,918 |
| TOTAL CHARGES FOR CURRENT SERVICES | 112,204 | 147,765 | 7,949 | - | - | - | 267,918 |
| OTHER LOCAL REVENUE | | | | | | | |
| Interest Earned | 75,426 | 24,974 | 914 | 4,372 | - | - | 105,686 |
| Sale of Property | 81,531 | 146,465 | - | - | - | - | 227,996 |
| Insurance Recovery | 16,005 | - | - | - | - | - | 16,005 |
| Refunds | 6,387 | 362 | - | - | - | - | 6,749 |
| Fingerprinting Services | - | - | - | 1,000 | - | - | 1,000 |
| Proceeds-Confiscated Property | - | - | - | 61,615 | - | - | 61,615 |
| Other Local Revenue | - | - | - | 375 | - | - | 375 |
| Employee Benefit Charges | 108,631 | 16,736 | 6,570 | - | - | - | 131,937 |
| Lease | 137,645 | - | - | - | - | - | 137,645 |
| Special Commissioner Fees | - | - | - | - | - | 15,037 | 15,037 |
| TOTAL OTHER LOCAL REVENUES | 425,625 | 188,537 | 7,484 | 67,362 | - | 15,037 | 704,045 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES - SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2006

| Source | Highway Fund | Solid Waste/ Sanitation Fund | Library Fund | Drug Fines Fund | District Attorney General | Constitutional Officers | Total Special Revenue Funds |
|--|-----------------|------------------------------------|-----------------|-----------------------|---------------------------------|----------------------------|--------------------------------------|
| FROM STATE OF TENNESSEE | | | | | | | |
| Gasoline and Motor Fuel | 2,216,757 | - | - | - | - | - | 2,216,757 |
| Gasoline Inspection Fee | 86,233 | - | - | - | - | - | 86,233 |
| Mineral Severance Tax | 22,107 | - | - | - | - | - | 22,107 |
| Bridge Program | 168,037 | - | - | - | - | - | 168,037 |
| TVA Replacement | 50,378 | 17,992 | - | - | - | - | 68,370 |
| Tires/Solid Waste Grant | - | 310,366 | - | - | - | - | 310,366 |
| TOTAL FROM STATE OF TENNESSEE | 2,543,512 | 328,358 | - | - | - | - | 2,871,870 |
| FROM FEDERAL GOVERNMENT | | | | | | | |
| Grant Revenue | 4,892 | - | - | - | - | - | 4,892 |
| TOTAL FROM FEDERAL GOVERNMENT | 4,892 | - | - | - | - | - | 4,892 |
| REVENUE FROM OTHER GOVERNMENTS AND CITIZEN GROUPS | | | | | | | |
| Donations from Town of Jonesborough | - | - | 7,000 | - | - | - | 7,000 |
| TOTAL REVENUE FROM OTHER GOVERNMENTS AND CITIZEN GROUPS | - | - | 7,000 | - | - | - | 7,000 |
| EXCESS FEES AND COMMISSIONS | | | | | | | |
| Commissions | - | - | - | - | - | 2,841,504 | 2,841,504 |
| Fees | - | - | - | - | - | 1,960,400 | 1,960,400 |
| TOTAL EXCESS FEES AND COMMISSIONS | - | - | - | - | - | 4,801,904 | 4,801,904 |
| TOTAL REVENUES | \$ 6,143,836 | 1,751,794 | 30,246 | 131,413 | 19,721 | 4,816,941 | 12,893,951 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES
DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

| Source | Special Revenue Funds Washington County Board of Education | | | |
|---|---|-------------------------------|---------------------------|-----------------------------|
| | General Purpose School | School Federal Projects | School Food Service | Total Component Units |
| TAXES | | | | |
| Current Property Taxes | \$ 8,889,288 | - | - | 8,889,288 |
| Property Taxes Prior Years | | | | |
| Trustee | 387,857 | - | - | 387,857 |
| Clerk and Master | 74,046 | - | - | 74,046 |
| Interest and Penalty | 90,176 | - | - | 90,176 |
| Tax Equivalent | | | | |
| Federal | 3,388 | - | - | 3,388 |
| Local | 156,852 | - | - | 156,852 |
| Other | 10,693 | - | - | 10,693 |
| Excise Tax | 57,039 | - | - | 57,039 |
| Local Option Sales Tax | 12,439,381 | - | - | 12,439,381 |
| Interstate Telecommunications | 10,409 | - | - | 10,409 |
| Business Tax | 333,981 | - | - | 333,981 |
| TOTAL TAXES | 22,453,110 | - | - | 22,453,110 |
| LICENSES AND PERMITS | | | | |
| Marriage Licenses | 2,092 | - | - | 2,092 |
| TOTAL LICENSES AND PERMITS | 2,092 | - | - | 2,092 |
| FINES, FORFEITURES AND PENALTIES | | | | |
| Court Fines | 68,626 | - | - | 68,626 |
| TOTAL FINES, FORFEITURES AND PENALTIES | 68,626 | - | - | 68,626 |
| CHARGES FOR CURRENT SERVICES | | | | |
| Breakfast and Lunch Payments | - | - | 1,122,209 | 1,122,209 |
| Ala Carte Sales | - | - | 261,581 | 261,581 |
| Indirect Costs | - | - | 155,992 | 155,992 |
| Tuition and Fees | 491,192 | - | - | 491,192 |
| TOTAL CHARGES FOR CURRENT SERVICES | 491,192 | - | 1,539,782 | 2,030,974 |
| OTHER LOCAL REVENUE | | | | |
| Interest Earned | 506,506 | - | 275 | 506,781 |
| Damages | 4,030 | - | - | 4,030 |
| Rentals | 5,545 | - | - | 5,545 |
| Contributions and Gifts | 700 | - | - | 700 |
| Other | 83,121 | - | - | 83,121 |
| TOTAL OTHER LOCAL REVENUES | 599,902 | - | 275 | 600,177 |

Continued

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES
DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

| Source | Special Revenue Funds Washington County Board of Education | | | |
|---------------------------------|---|-----------|-----------|------------|
| | General | School | School | Total |
| | Purpose School | Federal | Food | Component |
| | | Projects | Service | Units |
| FROM STATE OF TENNESSEE | | | | |
| Basic Education Program | 24,900,313 | - | - | 24,900,313 |
| Driver Education | 32,785 | - | - | 32,785 |
| Alcoholic Beverage | 1,291 | - | - | 1,291 |
| State Preschool Funds | 118,187 | - | - | 118,187 |
| TVA Replacement | 295,064 | - | - | 295,064 |
| Career Ladder/Extended Contract | 692,911 | - | - | 692,911 |
| Other State Revenues | 222,253 | - | - | 222,253 |
| TOTAL FROM STATE OF TENNESSEE | 26,262,804 | - | - | 26,262,804 |
| FROM FEDERAL GOVERNMENT | | | | |
| School Lunch Funds | - | - | 1,401,500 | 1,401,500 |
| School Breakfast Funds | - | - | 397,463 | 397,463 |
| D.A.R.E. | - | 4,250 | - | 4,250 |
| R.O.T.C. | 107,727 | - | - | 107,727 |
| Title I Funds | - | 1,743,941 | - | 1,743,941 |
| Title II Funds | - | 467,926 | - | 467,926 |
| Title IV Funds | - | 45,723 | - | 45,723 |
| Title V Funds | - | 48,407 | - | 48,407 |
| Preschool and IDEA | - | 1,695,285 | - | 1,695,285 |
| Program Improvement | - | 209,842 | - | 209,842 |
| Indirect Costs | 33,998 | - | - | 33,998 |
| TOTAL FROM FEDERAL GOVERNMENT | 141,725 | 4,215,374 | 1,798,963 | 6,156,062 |
| TOTAL REVENUES | \$ 50,019,451 | 4,215,374 | 3,339,020 | 57,573,845 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COUNTY GENERAL FUND

COUNTY COMMISSION

| | |
|--------------------------------------|------------|
| Compensation | \$ 111,750 |
| Per Diem Allowance | 1,200 |
| Social Security | 5,425 |
| State Retirement | 11,576 |
| Employer Medicare | 1,270 |
| Contracts with Other Public Agencies | 6,250 |
| Dues and Memberships | 9,043 |
| Travel | 11,052 |

| | |
|-------------------------|---------|
| TOTAL COUNTY COMMISSION | 157,566 |
|-------------------------|---------|

BOARDS AND COMMITTEES

| | |
|-------------------|-------|
| Fees | 2,730 |
| Social Security | 169 |
| Employer Medicare | 40 |

| | |
|-----------------------------|-------|
| TOTAL BOARDS AND COMMITTEES | 2,939 |
|-----------------------------|-------|

COUNTY EXECUTIVE

| | |
|-------------------------|---------|
| Administrative Salaries | 116,930 |
| Social Security | 7,200 |
| State Retirement | 15,056 |
| Employer Medicare | 1,684 |
| Communication | 6,321 |
| Dues & Memberships | 2,390 |
| Freight | 122 |
| Postage and Box Rent | 3,200 |
| Travel | 1,204 |
| Gasoline | 2,886 |
| Office Supplies | 3,049 |
| Periodicals | 533 |

| | |
|------------------------|---------|
| TOTAL COUNTY EXECUTIVE | 160,575 |
|------------------------|---------|

COUNTY ATTORNEY

| | |
|--------------------|--------|
| Compensation | 22,248 |
| Social Security | 1,342 |
| State Retirement | 2,863 |
| Employer Medicare | 314 |
| Dues & Memberships | 100 |
| Periodicals | 5,000 |

| | |
|-----------------------|--------|
| TOTAL COUNTY ATTORNEY | 31,867 |
|-----------------------|--------|

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COUNTY GENERAL FUND (CONTINUED)

ELECTION COMMISSION

| | | |
|--------------------------------|---------|---------|
| Personnel Salaries | 156,934 | |
| Election Commission | 15,000 | |
| Election Workers | 35,814 | |
| In-Service Training | 2,015 | |
| Social Security | 10,309 | |
| State Retirement | 16,170 | |
| Employer Medicare | 2,411 | |
| Communication | 8,591 | |
| Data Processing Services | 7,175 | |
| Dues and Memberships | 150 | |
| Freight Expenses | 107 | |
| Legal Notices | 23,122 | |
| Maintenance and Repair | 2,017 | |
| Postal Charges | 5,560 | |
| Printing, Stationery and Forms | 18,789 | |
| Rentals | 1,198 | |
| Travel | 3,574 | |
| Other Contracted Services | 4,080 | |
| Data Processing Supplies | 3,493 | |
| Instruction Supplies | 962 | |
| Office Supplies | 6,746 | |
| Periodicals | 24 | |
| Other Charges | 784 | |
| TOTAL ELECTION COMMISSION | | 325,025 |

REGISTER OF DEEDS

| | |
|------------------------|---------|
| Personnel Salaries | 244,546 |
| Social Security | 14,834 |
| State Retirement | 30,940 |
| Employer Medicare | 3,469 |
| Communication | 5,919 |
| Dues and Memberships | 499 |
| Freight | 568 |
| Maintenance and Repair | 27,902 |
| Postal Charges | 3,000 |
| Rentals | 2,940 |
| Travel | 343 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COUNTY GENERAL FUND (CONTINUED)

REGISTER OF DEEDS (CONTINUED)

| | |
|------------------------------|--------|
| Other Contracted Services | 62 |
| Data Processing Supplies | 7,603 |
| Periodicals | 43 |
| Office Supplies | 8,222 |
| Other Supplies and Materials | 3,874 |
| Surety Bond | 1,330 |
| Other Charges | 192 |
| Capital Outlay | 17,941 |

| | | |
|-------------------------|--|---------|
| TOTAL REGISTER OF DEEDS | | 374,227 |
|-------------------------|--|---------|

PLANNING AND ZONING

| | |
|------------------------------------|--------|
| Board & Committee Members Fees | 8,520 |
| Social Security | 458 |
| Employer Medicare | 107 |
| Contracts with Government Agencies | 13,500 |
| Freight | 21 |
| Postal Charges | 800 |
| Rentals | 1,020 |
| Office Supplies | 1,464 |
| Other Supplies & Materials | 868 |

| | | |
|---------------------------|--|--------|
| TOTAL PLANNING AND ZONING | | 26,758 |
|---------------------------|--|--------|

CODES COMPLIANCE

| | |
|--------------------|---------|
| Salaries and Wages | 136,750 |
| Social Security | 8,271 |
| State Retirement | 17,618 |
| Employer Medicare | 1,946 |
| Communication | 5,717 |
| Freight | 132 |
| Maintenance | 2,831 |
| Postal Charges | 1,100 |
| Rentals | 3,151 |
| Gasoline | 1,970 |
| Office Supplies | 5,565 |
| Periodicals | 791 |
| Capital Outlay | 22,704 |

| | | |
|------------------------|--|---------|
| TOTAL CODES COMPLIANCE | | 208,546 |
|------------------------|--|---------|

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COUNTY GENERAL FUND (CONTINUED)

COUNTY BUILDING

| | | |
|------------------------|--------|--------|
| Communication | 80 | |
| Maintenance and Repair | 23,866 | |
| Electricity | 3,639 | |
| Gasoline | 346 | |
| Water and Sewer | 422 | |
| Other Charges | 200 | |
| TOTAL COUNTY BUILDING | | 28,553 |

OTHER GENERAL ADMINISTRATION

| | | |
|------------------------------------|---------|-----------|
| Personnel | 186,866 | |
| Social Security | 11,319 | |
| State Retirement | 22,199 | |
| Employer Medicare | 2,647 | |
| Other Fringe Benefits | 7,568 | |
| Professional Services | 83,600 | |
| Communication | 10,210 | |
| Data Processing | 1,200 | |
| Engineering Services | 2,569 | |
| Freight Expense | 255 | |
| Legal Notices | 16,851 | |
| Legal Fees | 160,555 | |
| Maintenance and Repair | 90,216 | |
| Medical and Dental Services | 6,654 | |
| Pest Control | 2,160 | |
| Printing | 3,000 | |
| Rentals | 27,393 | |
| Travel | 1,345 | |
| Other Contracted Services | 3,295 | |
| Custodial Supplies | 28,383 | |
| Duplicating Supplies | 10,528 | |
| Utilities | 191,505 | |
| Gasoline | 311 | |
| Other Supplies and Materials | 26,968 | |
| Boiler Insurance | 3,280 | |
| Building and Contents Insurance | 231,644 | |
| Liability Insurance | 143,344 | |
| Trustee's Commission | 328,350 | |
| Workman's Compensation Insurance | 174,249 | |
| Other Charges | 23,084 | |
| TOTAL OTHER GENERAL ADMINISTRATION | | 1,801,548 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COUNTY GENERAL FUND (CONTINUED)

ACCOUNTING AND BUDGETING

| | | |
|------------------------------------|---------|---------|
| Salaries | 179,730 | |
| Social Security | 10,854 | |
| State Retirement | 23,170 | |
| Employer Medicare | 2,538 | |
| Communications | 3,628 | |
| Freight | 213 | |
| Data Processing Services | 100 | |
| Postal Charges | 6,415 | |
| Travel | 110 | |
| Data Processing Supplies | 3,055 | |
| Office Supplies | 4,214 | |
| Other Supplies and Materials | 215 | |
| Premiums on Corporate Surety Bonds | 343 | |
| TOTAL ACCOUNTING AND BUDGETING | | 234,585 |

PURCHASING

| | | |
|------------------------------------|--------|---------|
| Administrative Salaries | 95,410 | |
| Social Security | 5,651 | |
| State Retirement | 12,295 | |
| Employer Medicare | 1,322 | |
| Communications | 2,169 | |
| Freight | 65 | |
| Legal Notices | 4,979 | |
| Maintenance Agreements | 216 | |
| Postal Charges | 351 | |
| Data Processing Supplies | 440 | |
| Office Supplies | 393 | |
| Premiums on Corporate Surety Bonds | 100 | |
| TOTAL PURCHASING | | 123,391 |

PROPERTY ASSESSOR

| | | |
|--------------------------|---------|--|
| Salaries | 254,868 | |
| Social Security | 15,249 | |
| State Retirement | 31,512 | |
| Employer Medicare | 3,566 | |
| Communications | 4,663 | |
| Data Processing Services | 18,970 | |
| Dues and Memberships | 1,647 | |
| Freight | 10 | |
| Legal Notices | 235 | |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COUNTY GENERAL FUND (CONTINUED)

PROPERTY ASSESSOR (CONTINUED)

| | | |
|-------------------------|--------|---------|
| Maintenance and Repair | 7,329 | |
| Postal Charges | 2,809 | |
| Rentals | 672 | |
| Travel | 3,009 | |
| Gasoline | 2,889 | |
| Office Supplies | 8,282 | |
| Publications and Books | 43 | |
| Surety Bonds | 198 | |
| Capital Outlay | 20,975 | |
| TOTAL PROPERTY ASSESSOR | | 376,926 |

REAPPRAISAL PROGRAM

| | | |
|---------------------------|---------|---------|
| Salaries | 125,621 | |
| Social Security | 7,461 | |
| State Retirement | 15,084 | |
| Employer Medicare | 1,745 | |
| Audit Service - Property | 82,000 | |
| Communication | 2,062 | |
| Data Processing Services | 18,118 | |
| Dues and Memberships | 50 | |
| Freight | 8 | |
| Maintenance and Repair | 216 | |
| Postal Charges | 2,154 | |
| Travel | 1,006 | |
| Gasoline | 1,977 | |
| Office Supplies | 2,120 | |
| TOTAL REAPPRAISAL PROGRAM | | 259,622 |

OFFICE OF COUNTY TRUSTEE

| | | |
|--------------------------|---------|--|
| Salaries | 229,254 | |
| Social Security | 13,642 | |
| State Retirement | 26,023 | |
| Employer Medicare | 3,190 | |
| Communication | 6,268 | |
| Data Processing Services | 2,500 | |
| Dues and Memberships | 649 | |
| Freight | 218 | |
| Legal Notices | 639 | |
| Maintenance and Repair | 866 | |
| Postal Charges | 24,945 | |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COUNTY GENERAL FUND (CONTINUED)

OFFICE OF COUNTY TRUSTEE (CONTINUED)

| | | |
|--------------------------------|-------|---------|
| Rentals | 3,850 | |
| Travel | 624 | |
| Data Processing Supplies | 108 | |
| Office Supplies | 9,294 | |
| Premiums on Corporate Surety | 671 | |
| Other Charges | 274 | |
| TOTAL OFFICE OF COUNTY TRUSTEE | | 323,015 |

OFFICE OF COUNTY CLERK

| | | |
|------------------------------|---------|---------|
| Salaries | 498,868 | |
| Social Security | 29,879 | |
| State Retirement | 60,259 | |
| Employer Medicare | 6,988 | |
| Communications | 10,265 | |
| Dues and Memberships | 674 | |
| Freight | 193 | |
| Maintenance and Repair | 15,947 | |
| Postal Charges | 29,855 | |
| Printing | 1,131 | |
| Rentals | 4,544 | |
| Travel | 4,019 | |
| Office Supplies | 11,852 | |
| Other Supplies and Materials | 435 | |
| TOTAL OFFICE OF COUNTY CLERK | | 674,909 |

CIRCUIT COURT

| | |
|--------------------------------|---------|
| Salaries | 849,999 |
| Social Security | 49,898 |
| State Retirement | 92,287 |
| Employer Medicare | 11,670 |
| Communication | 19,316 |
| Dues and Memberships | 594 |
| Freight | 1,080 |
| Maintenance and Repair | 9,799 |
| Postal Charges | 13,344 |
| Printing, Stationery and Forms | 16,574 |
| Rentals | 8,252 |
| Travel | 1,788 |
| Office Supplies | 18,082 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COUNTY GENERAL FUND (CONTINUED)

CIRCUIT COURT (CONTINUED)

| | | |
|--------------------------|--------|-----------|
| Surety Bonds | 945 | |
| Excess Risk Insurance | 776 | |
| Other Charges | 199 | |
| Periodicals | 216 | |
| Data Processing Supplies | 12,483 | |
| Capital Outlay | 10,000 | |
| TOTAL CIRCUIT COURT | | 1,117,302 |

CHANCERY COURT

| | | |
|--------------------------|---------|---------|
| Salaries | 333,899 | |
| Social Security | 20,028 | |
| State Retirement | 40,608 | |
| Employer Medicare | 4,684 | |
| Communication | 7,042 | |
| Dues and Memberships | 594 | |
| Freight | 628 | |
| Maintenance and Repair | 3,894 | |
| Rentals | 4,412 | |
| Travel | 2,853 | |
| Office Supplies | 29,135 | |
| Periodicals | 859 | |
| Surety Bonds | 275 | |
| Data Processing Services | 1,500 | |
| Postal Charges | 500 | |
| Other Charges | 520 | |
| TOTAL CHANCERY COURT | | 451,431 |

JUDICIAL

| | | |
|------------------------------|---------|---------|
| Judges | 223,940 | |
| Other Salaries | 10,448 | |
| Jury and Witness Fees | 37,179 | |
| Other Per Diem & Fees | 5,820 | |
| Social Security | 11,766 | |
| State Retirement | 28,821 | |
| Employer Medicare | 3,359 | |
| Communications | 4 | |
| Dues and Memberships | 540 | |
| Freight | 205 | |
| Legal Notices | 97,671 | |
| Postal Charges | 1,036 | |
| Travel | 9,272 | |
| Office Supplies | 2,011 | |
| Periodicals | 5,612 | |
| Other Supplies and Materials | 273 | |
| Other Charges | 799 | |
| TOTAL JUDICIAL | | 438,756 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COUNTY GENERAL FUND (CONTINUED)

SHERIFF'S DEPARTMENT

| | | |
|--------------------------------------|-----------|-----------|
| Salaries | 2,981,656 | |
| State Salary Supplement | 37,346 | |
| Employee Training | 20,236 | |
| Social Security | 179,835 | |
| State Retirement | 356,226 | |
| Employer Medicare | 42,059 | |
| Communication | 24,408 | |
| Dues and Memberships | 3,388 | |
| Freight | 2,580 | |
| Legal Notices | 54 | |
| Licenses | 349 | |
| Maintenance and Repair | 18,144 | |
| Postal Charges | 4,610 | |
| Printing, Stationery and Forms | 6,746 | |
| Rentals | 35,801 | |
| Travel | 18,366 | |
| Veterinary Services | 38 | |
| Other Contracted Services | 29,732 | |
| Animal Food and Supplies | 147 | |
| Data Processing Supplies | 13,870 | |
| Garage Supplies | 19,366 | |
| Gasoline | 187,924 | |
| Instructional Supplies and Materials | 2,080 | |
| Law Enforcement Supplies | 53,114 | |
| Lubricants | 8,595 | |
| Office Supplies | 7,083 | |
| Periodicals | 615 | |
| Tires and Tubes | 12,234 | |
| Uniforms | 38,036 | |
| Vehicle Parts | 29,382 | |
| Other Supplies and Materials | 36,212 | |
| Other Charges | 3,720 | |
| Capital Outlay | 263,781 | |
| TOTAL SHERIFF'S DEPARTMENT | | 4,437,733 |
| | | |
| SUBSTANCE ABUSE GRANT | | |
| Other Contracted Services | 133,314 | |
| TOTAL SUBSTANCE ABUSE GRANT | | 133,314 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COUNTY GENERAL FUND (CONTINUED)

JAIL

| | | |
|--------------------------------|-----------|-----------|
| Salaries and Wages | 2,553,551 | |
| In-Service Training | 1,620 | |
| Employee Benefits | 483,678 | |
| Communication | 70,680 | |
| Dues and Memberships | 350 | |
| Freight | 2,511 | |
| Maintenance and Repair | 127,059 | |
| Audit Services | 1,500 | |
| Medical and Dental Services | 250,334 | |
| Pest Control | 4,800 | |
| Postal Charges | 311 | |
| Printing, Stationery and Forms | 2,155 | |
| Rentals | 6,708 | |
| Transportation - Prisoners | 10,492 | |
| Travel | 3,241 | |
| Other Contracted Services | 1,790 | |
| Custodial Supplies | 32,112 | |
| Data Processing Supplies | 13,513 | |
| Diesel Fuel | 498 | |
| Drugs and Medical Supplies | 87,021 | |
| Food Preparation Supplies | 5,480 | |
| Utilities | 294,706 | |
| Food Supplies | 307,351 | |
| Uniforms | 10,586 | |
| Law Enforcement Supplies | 2,727 | |
| Office Supplies | 12,736 | |
| Prisoners Clothing | 8,923 | |
| Chemicals | 1,848 | |
| Other Supplies and Materials | 16,052 | |
| Other Charges | 2,345 | |
| Capital Outlay | 32,414 | |
| TOTAL JAIL | | 4,349,092 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COUNTY GENERAL FUND (CONTINUED)

JUVENILE SERVICES

| | | |
|------------------------------------|---------|---------|
| Salaries | 143,652 | |
| Employee Benefits | 28,009 | |
| Communication | 6,404 | |
| Contracts with Government Agencies | 4,500 | |
| Contracts with Public Agencies | 199,419 | |
| Dues and Memberships | 180 | |
| Freight | 109 | |
| Rentals | 144 | |
| Travel | 6,635 | |
| Office Supplies | 13,388 | |
| Postal Charges | 1,656 | |
| Maintenance & Repairs | 753 | |
| Periodicals | 220 | |
| Other Supplies and Materials | 100 | |
| Other Charges | 101 | |
| TOTAL JUVENILE SERVICES | | 405,270 |

WORK RELEASE PROGRAM

| | | |
|---------------------------------|--------|--------|
| Salaries | 7,155 | |
| Board and Committee Member Fees | 10,381 | |
| Employee Benefits | 3,495 | |
| TOTAL WORK RELEASE PROGRAM | | 21,031 |

FEDERAL ASSET FORFEITURE

| | | |
|--------------------------------|--------|--------|
| Freight Expenses | 80 | |
| Law Enforcement Supplies | 35,622 | |
| In-Service Training | 1,566 | |
| Travel | 294 | |
| TOTAL FEDERAL ASSET FORFEITURE | | 37,562 |

OTHER PUBLIC SAFETY

| | | |
|---------------------------|--------|--------|
| Salaries | 28,909 | |
| Employee Benefits | 5,824 | |
| Other Charges | 1,593 | |
| Freight | 5 | |
| Office Supplies | 543 | |
| Travel | 1,723 | |
| TOTAL OTHER PUBLIC SAFETY | | 38,597 |

PUBLIC SAFETY GRANT

| | | |
|---------------------------|--------|--------|
| Capital Outlay | 14,343 | |
| TOTAL PUBLIC SAFETY GRANT | | 14,343 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

| | | |
|--------------------------------------|---------|---------|
| COUNTY GENERAL FUND (CONTINUED) | | |
| BULLETPROOF VEST GRANT | | |
| Uniforms | 8,395 | |
| TOTAL BULLETPROOF VEST GRANT | | 8,395 |
| FIRE PROTECTION AND CONTROL | | |
| Contributions | 835,000 | |
| Other Supplies and Materials | 3,292 | |
| TOTAL FIRE PROTECTION AND CONTROL | | 838,292 |
| CIVIL DEFENSE | | |
| Remittance of Revenues Collected | 9,217 | |
| Freight | 795 | |
| Matching Grant | 62,000 | |
| Uniforms | 3,406 | |
| Travel | 257 | |
| Capital Outlay | 309,820 | |
| TOTAL CIVIL DEFENSE | | 385,495 |
| RESCUE SQUAD | | |
| Local Squads | 74,300 | |
| TOTAL RESCUE SQUAD | | 74,300 |
| OTHER EMERGENCY MANAGEMENT | | |
| Other Supplies and Materials | 22,341 | |
| Capital Outlay | 255,182 | |
| TOTAL OTHER EMERGENCY MANAGEMENT | | 277,523 |
| COUNTY CORONER | | |
| Contracts with Other Public Agencies | 2,181 | |
| Contracts with Private Agencies | 30,000 | |
| Freight | 30 | |
| Other Supplies and Materials | 2,643 | |
| Other Charges | 72,900 | |
| TOTAL COUNTY CORONER | | 107,754 |
| LLEBG GRANT | | |
| Freight | 107 | |
| Law Enforcement Supplies | 10,057 | |
| Uniforms | 1,763 | |
| TOTAL LLEBG GRANT | | 11,927 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COUNTY GENERAL FUND (CONTINUED)

SCHOOL RESOURCE OFFICER GRANT

| | | |
|-------------------------------------|--------------|--------|
| Salaries | 46,871 | |
| Employee Benefits | 9,526 | |
| Communications | <u>1,880</u> | |
| TOTAL SCHOOL RESOURCE OFFICER GRANT | | 58,277 |

COUNTY HEALTH CENTER

| | | |
|-------------------------------------|---------------|---------|
| Salaries | 375,698 | |
| Social Security | 22,568 | |
| State Retirement | 39,483 | |
| Employee Medicare | 5,278 | |
| Communication | 25,160 | |
| Contract with Governmental Agencies | 12,602 | |
| Freight | 1,363 | |
| Liability Insurance | 2,108 | |
| Maintenance and Repair | 19,309 | |
| Pest Control | 367 | |
| Postal Charges | 3,990 | |
| Printing, Stationery, and Forms | 364 | |
| Rentals | 8,698 | |
| Travel | 1,692 | |
| Custodial Supplies | 9,821 | |
| Drugs and Medical Supplies | 66,933 | |
| Utilities | 44,188 | |
| Office Supplies | 15,510 | |
| Periodicals | 185 | |
| Other Supplies and Materials | 13,704 | |
| Other Charges | <u>13,757</u> | |
| TOTAL COUNTY HEALTH CENTER | | 682,778 |

LOCAL HEALTH CENTER STATE GRANT

| | | |
|---------------------------------------|--------------|---------|
| Salaries | 563,359 | |
| Social Security | 33,709 | |
| State Retirement | 52,892 | |
| Medicare | 7,884 | |
| Travel | 6,486 | |
| Other Charges | <u>4,297</u> | |
| TOTAL LOCAL HEALTH CENTER STATE GRANT | | 668,627 |

RABIES AND ANIMAL CONTROL

| | | |
|---------------------------------|----------------|---------|
| Contributions | <u>115,000</u> | |
| TOTAL RABIES AND ANIMAL CONTROL | | 115,000 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

| | | |
|---|-----------|-----------|
| COUNTY GENERAL FUND (CONTINUED) | | |
| AMBULANCE SERVICE | | |
| Contributions | 1,202,567 | |
| Freight | 42 | |
| Utilities | 414 | |
| Other Supplies and Materials | 2,345 | |
| Capital Outlay | 80,027 | |
| TOTAL AMBULANCE SERVICE | | 1,285,395 |
| ALCOHOL AND DRUG PROGRAM | | |
| Salaries | 6,942 | |
| Social Security | 430 | |
| State Retirement | 893 | |
| Employer Medicare | 101 | |
| TOTAL ALCOHOL AND DRUG PROGRAM | | 8,366 |
| REGIONAL MENTAL HEALTH CENTER | | |
| Contributions | 65,250 | |
| TOTAL REGIONAL MENTAL HEALTH CENTER | | 65,250 |
| PUBLIC WELFARE | | |
| Contributions | 76,000 | |
| Pauper Burials | 16,200 | |
| TOTAL PUBLIC WELFARE | | 92,200 |
| AID TO DEPENDENT CHILDREN | | |
| Contributions | 5,000 | |
| TOTAL AID TO DEPENDENT CHILDREN | | 5,000 |
| EMERGENCY COMMUNICATIONS DISTRICT | | |
| Contributions | 312,102 | |
| TOTAL EMERGENCY COMMUNICATIONS DISTRICT | | 312,102 |
| LITTER GRANT | | |
| Personnel Salaries | 28,449 | |
| Employee Benefits | 5,752 | |
| Maintenance and Repairs | 50 | |
| Other Contracted Services | 9,660 | |
| Vehicle Parts | 984 | |
| Other Charges | 190 | |
| Other Supplies and Materials | 3,663 | |
| TOTAL LITTER GRANT | | 48,748 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

| | | |
|---|---------------|---------|
| COUNTY GENERAL FUND (CONTINUED) | | |
| SENIOR CITIZEN'S ASSISTANCE | | |
| Contributions | 64,635 | |
| Transportation | <u>17,726</u> | |
| TOTAL SENIOR CITIZEN'S ASSISTANCE | | 82,361 |
| LIBRARIES | | |
| Contributions | 100,000 | |
| Library Books | <u>2,500</u> | |
| TOTAL LIBRARIES | | 102,500 |
| SOCIAL, CULTURAL AND RECREATIONAL | | |
| Contributions - Museum | 15,000 | |
| Other Charges | <u>500</u> | |
| TOTAL SOCIAL, CULTURAL AND RECREATIONAL | | 15,500 |
| NATIONAL STORYTELLING | | |
| Contributions - National Storytelling | <u>50,000</u> | |
| TOTAL NATIONAL STORYTELLING | | 50,000 |
| AGRICULTURAL EXTENSION SERVICE | | |
| Salaries | 100,495 | |
| Employee Benefits | 20,305 | |
| Communication | 8,439 | |
| Consultants | 1,500 | |
| Freight | 40 | |
| Rentals | 4,673 | |
| Travel | 3,038 | |
| Maintenance and Repair | 1,586 | |
| Pest Control | 600 | |
| Custodial Supplies | 389 | |
| Other Supplies and Materials | 7,348 | |
| Liability Insurance | 577 | |
| Utilities | 3,731 | |
| Office Supplies | 2,940 | |
| Other Charges | <u>45</u> | |
| TOTAL AGRICULTURAL EXTENSION SERVICE | | 155,706 |
| FOREST SERVICE | | |
| Forest Resource Services | <u>1,500</u> | |
| TOTAL FOREST SERVICE | | 1,500 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COUNTY GENERAL FUND (CONTINUED)

SOIL CONSERVATION

| | | |
|-------------------------|--------|--------|
| Secretary | 26,000 | |
| Employee Benefits | 5,291 | |
| Contributions | 9,650 | |
| TOTAL SOIL CONSERVATION | | 40,941 |

STORM WATER MANAGEMENT

| | | |
|------------------------------|--------|--------|
| Consultants | 24,000 | |
| Licenses | 2,500 | |
| Salaries | 5,000 | |
| Employee Benefits | 1,019 | |
| TOTAL STORM WATER MANAGEMENT | | 32,519 |

AGRICULTURE AND NATURAL RESOURCES

| | | |
|---|-------|--------|
| Salaries | 7,683 | |
| Employee Benefits | 587 | |
| Travel | 85 | |
| Communication | 259 | |
| Utilities | 3,880 | |
| Freight | 8 | |
| Maintenance and Repairs | 39 | |
| Custodial Supplies | 30 | |
| Other Supplies and Materials | 383 | |
| TOTAL AGRICULTURE AND NATURAL RESOURCES | | 12,954 |

TOURISM

| | | |
|-------------------------|-------|-------|
| Contributions - Tourism | 6,971 | |
| TOTAL TOURISM | | 6,971 |

INDUSTRIAL DEVELOPMENT

| | | |
|--|---------|---------|
| Contributions - Industrial Development | 117,500 | |
| TOTAL INDUSTRIAL DEVELOPMENT | | 117,500 |

HOUSING AND URBAN DEVELOPMENT

| | | |
|-------------------------------------|---------|---------|
| Other Contracted Services | 156,208 | |
| TOTAL HOUSING AND URBAN DEVELOPMENT | | 156,208 |

ECONOMIC AND COMMUNITY DEVELOPMENT

| | | |
|---|--------|--------|
| Contributions - JCMA Continuing Education | 21,250 | |
| TOTAL ECONOMIC AND COMMUNITY DEVELOPMENT | | 21,250 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COUNTY GENERAL FUND (CONTINUED)

TRANSPORTATION

| | | |
|------------------------------------|--------|--------|
| Contributions - Foreign Trade Zone | 33,000 | |
| TOTAL TRANSPORTATION | | 33,000 |

CONTRIBUTIONS TO OTHER AGENCIES

| | | |
|---------------------------------------|--------|--------|
| Contributions | 31,845 | |
| TOTAL CONTRIBUTIONS TO OTHER AGENCIES | | 31,845 |

EMPLOYEE BENEFITS

| | | |
|---------------------------|-----------|-----------|
| Health Insurance | 2,319,575 | |
| Dental & Vision Insurance | 196,797 | |
| Unemployment | 15,377 | |
| TOTAL EMPLOYEE BENEFITS | | 2,531,749 |

JUDGMENTS

| | | |
|-----------------|---------|---------|
| Judgments | 180,720 | |
| TOTAL JUDGMENTS | | 180,720 |

TOTAL COUNTY GENERAL FUND

\$ 25,173,136

SPECIAL REVENUE FUNDS

HIGHWAY FUND

ADMINISTRATION

| | |
|--------------------------------|------------|
| Salaries | \$ 213,877 |
| Employee Benefits | 50,813 |
| Overtime | 1,197 |
| Communication | 16,095 |
| Data Processing Services | 85 |
| Dues and Memberships | 3,550 |
| Operating Lease Payments | 9,000 |
| Licenses | 244 |
| Maintenance and Repair | 3,968 |
| Other Contracted Services | 5,541 |
| Postal Charges | 468 |
| Rentals | - |
| Travel | 733 |
| Office Supplies | 3,830 |
| Other Supplies | 3,006 |
| Liability Insurance | 97,877 |
| Utilities | 8,477 |
| Premiums on Corp. Surety Bonds | 200 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

SPECIAL REVENUE FUND (CONTINUED)

HIGHWAY FUND (CONTINUED)

ADMINISTRATION (CONTINUED)

| | |
|------------------------|--------------|
| Workman's Compensation | 160,019 |
| Other Charges | <u>4,387</u> |

| | |
|----------------------|---------|
| TOTAL ADMINISTRATION | 583,367 |
|----------------------|---------|

HIGHWAY AND BRIDGE MAINTENANCE

| | |
|--------------------------------------|------------|
| Salaries | 1,275,878 |
| Employee Benefits | 250,576 |
| Overtime | 899 |
| Maintenance and Repair | 1,036 |
| Rentals | 2,233 |
| Other Contracted Services | 27,663 |
| Chemicals | 6,842 |
| Concrete and Crushed Stone | 134,925 |
| Diesel Fuel | 81,554 |
| Equipment Parts | 586 |
| Fertilizer, Lime, Chemicals and Seed | 2,324 |
| General Construction Material | 2,564 |
| Ice | 174 |
| Lubricants | 1,304 |
| Metal Pipe | 39,369 |
| Road Signs | 16,203 |
| Small Tools | 1,836 |
| Other Supplies and Materials | 38,521 |
| Other Charges | 23,015 |
| Permits | <u>580</u> |

| | |
|--------------------------------------|-----------|
| TOTAL HIGHWAY AND BRIDGE MAINTENANCE | 1,908,082 |
|--------------------------------------|-----------|

OPERATION AND MAINTENANCE OF EQUIPMENT

| | |
|---------------------------|---------|
| Salaries | 254,183 |
| Employee Benefits | 51,386 |
| Communication | 2,192 |
| Freight | 5,366 |
| Maintenance Agreements | 11,000 |
| Maintenance and Repair | 29,010 |
| Rentals | 3,553 |
| Tow-In Service | 350 |
| Other Contracted Services | 880 |
| Electricity | 14,545 |
| Equipment Parts | 152,510 |
| Garage Supplies | 13,500 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

SPECIAL REVENUE FUND (CONTINUED)

HIGHWAY FUND (CONTINUED)

OPERATION AND MAINTENANCE OF EQUIPMENT (CONTINUED)

| | | |
|---|--------------|---------|
| Gasoline and Lubricants | 13,607 | |
| Office Supplies | 1,472 | |
| Propane Gas | 14,268 | |
| Small Tools | 3,841 | |
| Tires and Tubes | 40,693 | |
| Vehicle Parts | 1,760 | |
| Other Supplies and Materials | 18,096 | |
| Other Charges | <u>1,443</u> | |
| TOTAL OPERATION AND MAINTENANCE OF EQUIPMENT | | 633,655 |

ASPHALT PLANT OPERATIONS

| | | |
|------------------------------------|---------------|-----------|
| Salaries | 740,987 | |
| Employee Benefits | 146,021 | |
| Overtime | 453 | |
| Communication | 480 | |
| Maintenance and Repair - Equipment | 1,564 | |
| Rentals | 2,601 | |
| Other Contracted Services | 6,392 | |
| Asphalt | 581,105 | |
| Crushed Stone | 328,700 | |
| Diesel Fuel | 183,993 | |
| Electricity | 46,132 | |
| Equipment and Machinery Parts | 9,437 | |
| Fuel Oil | 18,841 | |
| Gasoline | 86,863 | |
| Lubricants | 7,326 | |
| Natural Gas | 1,824 | |
| Sand | 4,166 | |
| Water and Sewer | 1,336 | |
| Other Supplies and Materials | <u>18,188</u> | |
| TOTAL ASPHALT PLANT OPERATIONS | | 2,186,409 |

OTHER CHARGES

| | | |
|----------------------|---------------|--------|
| Judgments | 1,934 | |
| Trustee's Commission | <u>85,492</u> | |
| TOTAL OTHER CHARGES | | 87,426 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

SPECIAL REVENUE FUND (CONTINUED)

HIGHWAY FUND (CONTINUED)

EMPLOYEE BENEFITS

| | | |
|-----------------------------|---------|---------|
| Employee Insurance | 663,632 | |
| Dental and Vision Insurance | 39,191 | |
| Unemployment Compensation | 2,990 | |
| TOTAL EMPLOYEE BENEFITS | | 705,813 |

CAPITAL OUTLAY

| | | |
|----------------------|---------|---------|
| Motor Vehicles | 30,564 | |
| State Aid Projects | 250,712 | |
| Other Equipment | 361,660 | |
| TOTAL CAPITAL OUTLAY | | 642,936 |

| | | |
|--------------------|--|-----------|
| TOTAL HIGHWAY FUND | | 6,747,688 |
|--------------------|--|-----------|

SOLID WASTE / SANITATION FUND

SANITATION OPERATIONS

| | | |
|----------------------------------|---------|-----------|
| Disposal Fees | 447,944 | |
| Trustee Commission | 23,045 | |
| Salaries | 340,674 | |
| Employee Benefits | 132,407 | |
| Retirement | 38,804 | |
| Communication | 6,463 | |
| Freight | 1,058 | |
| Postage | 483 | |
| Maintenance and Repair | 12,849 | |
| Rentals | 1,248 | |
| Travel | 599 | |
| Gasoline | 8,076 | |
| Lubricants | 11 | |
| Tires | 6,785 | |
| Other Contracted Services | 268 | |
| Diesel Fuel | 32,470 | |
| Utilities | 5,281 | |
| Supplies and Materials | 19,036 | |
| Workman's Compensation Insurance | 18,661 | |
| Other Charges | 973 | |
| Water and Sewer | 600 | |
| Judgments | 2,131 | |
| Gravel and Chert | 843 | |
| Liability Insurance | 4,257 | |
| TOTAL SANITATIONS OPERATIONS | | 1,104,966 |

TIRE CENTER OPERATIONS

| | |
|-------------------|--------|
| Salaries | 54,131 |
| Employee Benefits | 7,830 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

SPECIAL REVENUE FUND (CONTINUED)

SOLID WASTE / SANITATION FUND (CONTINUED)

TIRE CENTER OPERATIONS (CONTINUED)

| | | |
|----------------------------------|---------|---------|
| Retirement | 6,031 | |
| Communication | 2,220 | |
| Postage | 500 | |
| Maintenance and Repair | 766 | |
| Travel | 650 | |
| Water and Sewer | 160 | |
| Other Contracted Services | 873 | |
| Electricity | 1,103 | |
| Supplies and Materials | 2,530 | |
| Workman's Compensation Insurance | 1,439 | |
| Contracts with Private Agency | 320,454 | |
| TOTAL TIRE CENTER OPERATIONS | | 398,687 |

RECYCLING CENTER OPERATIONS

| | | |
|-----------------------------------|--------|--------|
| Recycling Supplies and Materials | 16,680 | |
| Employee Benefits | | |
| TOTAL RECYCLING CENTER OPERATIONS | | 16,680 |

CAPITAL OUTLAY

| | | |
|-----------------------|--------|--------|
| Motor Vehicles | 17,650 | |
| Solid Waste Equipment | 9,921 | |
| Recycling | 26,651 | |
| TOTAL CAPITAL OUTLAY | | 54,222 |

TOTAL SOLID WASTE / SANITATION FUND

1,574,555

LIBRARY FUND

ADMINISTRATION

| | | |
|---------------------------------|---------|--|
| Salaries | 259,997 | |
| Employee Benefits | 67,822 | |
| Retirement | 24,446 | |
| Communication | 6,407 | |
| Contracts with Private Agencies | 8,951 | |
| Freight | 252 | |
| Repairs and Maintenance | 8,860 | |
| Postage | 1,060 | |
| Pest Control | 560 | |
| Rentals | 387 | |
| Travel | 1,593 | |
| Custodial Supplies | 1,218 | |
| Utilities | 16,856 | |
| Office Expense | 12,991 | |
| Materials | 26,319 | |
| Insurance | 3,473 | |
| Worker's Compensation Insurance | 848 | |
| Other Supplies and Materials | 5,140 | |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

| | | | |
|--|--------|---------|--------------|
| SPECIAL REVENUE FUND (CONTINUED) | | | |
| LIBRARY FUND (CONTINUED) | | | |
| ADMINISTRATION (CONTINUED) | | | |
| Other Charges | 1,133 | | |
| Trustee's Commission | 89 | | |
| TOTAL ADMINISTRATION | | 448,402 | |
| TOTAL LIBRARY FUND | | | 448,402 |
| DRUG FINES FUND | | | |
| Contributions | 1,000 | | |
| Drug Control Payments | 5,000 | | |
| Freight | 180 | | |
| Uniforms | 2,100 | | |
| Supplies | 4,714 | | |
| Trustee's Commission | 1,299 | | |
| Other Supplies and Materials | 2,505 | | |
| Travel | 594 | | |
| Training | 275 | | |
| Vehicle Maintenance | 136 | | |
| Other Charges | 26,192 | | |
| TOTAL DRUG FINES FUND | | 43,995 | |
| CAPITAL OUTLAY | | | |
| Law Enforcement Equipment | 18,950 | | |
| Motor Vehicles | 43,782 | | |
| TOTAL CAPITAL OUTLAY | | 62,732 | |
| TOTAL DRUG FINES FUND | | | 106,727 |
| CONSTITUTIONAL OFFICER - FEES FUNDS | | | |
| Special Commissioner Fees | | 15,037 | |
| Bank Charges | | 10,103 | |
| TOTAL CONSTITUTIONAL OFFICERS - FEES FUNDS | | | 25,140 |
| DISTRICT ATTORNEY GENERAL | | | |
| Salaries | | 8,479 | |
| Employee Benefits | | 539 | |
| Contracts with Government Agencies | | 2,137 | |
| Dues and Memberships | | 615 | |
| Freight Expenses | | 25 | |
| Office Supplies | | 3,745 | |
| Trustee's Commission | | 195 | |
| Travel | | 617 | |
| Jury and Whitness Fees | | 752 | |
| Other Charges | | 51 | |
| TOTAL DISTRICT ATTORNEY GENERAL | | | 17,155 |
| TOTAL SPECIAL REVENUE FUNDS | | | \$ 8,919,667 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

CAPITAL PROJECTS FUNDS

| | |
|-------------------------------------|----------------|
| Trustee's Commission | \$ 179 |
| Architects | 129,069 |
| Capital Outlay - Highway Department | <u>203,000</u> |

332,248

TOTAL CAPITAL PROJECTS FUNDS

\$ 332,248

DEBT SERVICE FUNDS

GENERAL DEBT SERVICE

| | |
|----------------------|--------------|
| Bond Principal | \$ 1,715,000 |
| Note Principal | 2,355,344 |
| Interest on Bonds | 1,550,213 |
| Interest on Notes | 400,225 |
| Trustee's Commission | 100,964 |
| Fees | <u>2,879</u> |

6,124,625

TOTAL GENERAL DEBT SERVICE

TOTAL GENERAL DEBT SERVICE FUNDS

\$ 6,124,625

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COMPONENT UNIT - WASHINGTON COUNTY BOARD OF EDUCATION

GENERAL PURPOSE SCHOOL FUND

REGULAR INSTRUCTION PROGRAM

CLASSROOM

| | | |
|--------------------------------------|---------------|-------------------|
| Teachers | \$ 17,057,351 | |
| Career Ladder Program | 297,890 | |
| Career Ladder Extended Contract | 183,425 | |
| Educational Assistants | 1,100,625 | |
| Substitute Teachers | 268,293 | |
| Social Security and Medicare | 1,152,758 | |
| State Retirement | 1,109,777 | |
| Life Insurance | 15,000 | |
| Medical Insurance | 2,906,976 | |
| Unemployment Compensation | 41,619 | |
| Employer Medicare | 270,189 | |
| Other Fringe Benefits | 56,921 | |
| Maintenance and Repair | 127,174 | |
| Other Contracted Services | 2,636,739 | |
| Instructional Supplies and Materials | 168,149 | |
| Textbooks | 452,914 | |
| Other Supplies and Materials | 282,780 | |
| Fee Waivers | 10,001 | |
| Other Charges | 650,772 | |
| TOTAL CLASSROOM | | 28,789,353 |

ADMINISTRATION

| | | |
|----------------------------------|---------|--|
| Supervisors | 182,787 | |
| Career Ladder Program | 22,000 | |
| Career Ladder Extended Contract | 18,500 | |
| Librarians | 621,321 | |
| Instructional Computer Personnel | 126,844 | |
| Secretary and Clerical | 101,752 | |
| Other Salaries and Wages | 90,665 | |
| Social Security and Medicare | 71,764 | |
| State Retirement | 78,991 | |
| Life Insurance | 822 | |
| Medical Insurance | 148,124 | |
| Employer Medicare | 16,784 | |
| Other Fringe Benefits | 476 | |
| Maintenance and Repair | 17,056 | |
| Travel | 36,671 | |
| Library Books | 119,862 | |
| In-Service Workshops | 15,068 | |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COMPONENT UNIT - WASHINGTON COUNTY BOARD OF EDUCATION (CONTINUED)

GENERAL PURPOSE SCHOOL FUND (CONTINUED)

REGULAR INSTRUCTION PROGRAM (CONTINUED)

ADMINISTRATION (CONTINUED)

| | | |
|------------------------------|-----------|--|
| Other Supplies and Materials | 68,195 | |
| TOTAL ADMINISTRATION | 1,737,682 | |

| | | |
|-----------------------------------|--|------------|
| TOTAL REGULAR INSTRUCTION PROGRAM | | 30,527,035 |
|-----------------------------------|--|------------|

SPECIAL EDUCATION PROGRAM

CLASSROOM

| | | |
|--------------------------------------|-----------|--|
| Teachers | 2,415,987 | |
| Career Ladder Program | 35,500 | |
| Career Ladder Extended Contract | 2,000 | |
| Homebound Teachers | 55,000 | |
| Educational Assistants | 129,557 | |
| Other Salaries and Wages | 100,000 | |
| Substitute Teachers | 35,000 | |
| Social Security and Medicare | 163,651 | |
| State Retirement | 157,841 | |
| Life Insurance | 2,190 | |
| Medical Insurance | 371,119 | |
| Employer Medicare | 38,255 | |
| Other Fringe Benefits | 1,340 | |
| Other Contracted Services | 7,444 | |
| Instructional Supplies and Materials | 10,693 | |
| Fee Waivers | 2,084 | |
| Other Charges | 1,208 | |
| TOTAL CLASSROOM | 3,528,869 | |

ADMINISTRATION

| | | |
|---------------------------------|--------|--|
| Supervisor/Director | 72,988 | |
| Career Ladder Program | 2,000 | |
| Psychological Personnel | 38,397 | |
| Career Ladder Extended Contract | 2,000 | |
| Secretary | 23,109 | |
| Other Salaries and Wages | 24,203 | |
| Social Security and Medicare | 10,037 | |
| State Retirement | 12,338 | |
| Life Insurance | 96 | |
| Employer Medicare | 2,359 | |
| Other Fringe Benefits | 44 | |
| Maintenance and Repair Services | 684 | |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COMPONENT UNIT - WASHINGTON COUNTY BOARD OF EDUCATION (CONTINUED)

GENERAL PURPOSE SCHOOL FUND (CONTINUED)

SPECIAL EDUCATION PROGRAM (CONTINUED)

ADMINISTRATION (CONTINUED)

| | | |
|-------------------------------|--------|---------|
| Travel | 15,855 | |
| In-Service/ Staff Development | 4,500 | |
| Other Supplies and Materials | 1,020 | |
| TOTAL ADMINISTRATION | | 209,630 |

TOTAL SPECIAL EDUCATION PROGRAM 3,738,499

VOCATIONAL EDUCATION PROGRAM

CLASSROOM

| | | |
|---|-----------|-----------|
| Teachers | 1,240,204 | |
| Career Ladder Program | 12,000 | |
| Substitute Teachers | 20,047 | |
| Educational Assistants | 2,000 | |
| Social Security and Medicare | 15,000 | |
| State Retirement | 77,904 | |
| Life Insurance | 72,282 | |
| Medical Insurance | 966 | |
| Employer Medicare | 188,794 | |
| Other Fringe Benefits | 18,371 | |
| Fee Waiver | 692 | |
| Instructional Supplies and Materials | 84,540 | |
| Capital Outlay - Vocational Instructional Equipment | 2,500 | |
| TOTAL CLASSROOM | | 1,735,300 |

ADMINISTRATION

| | | |
|---------------------------------|--------|---------|
| Supervisor and Director | 35,181 | |
| Career Ladder Program | 3,000 | |
| Career Ladder Extended Contract | 3,500 | |
| Secretary | 21,870 | |
| Social Security and Medicare | 3,826 | |
| State Retirement | 5,135 | |
| Life Insurance | 48 | |
| Medical Insurance | 9,178 | |
| Employer Medicare | 895 | |
| Other Fringe Benefits | 22 | |
| Maintenance and Repair | 8,670 | |
| Travel | 21,345 | |
| Other Supplies and Materials | 1,223 | |
| TOTAL ADMINISTRATION | | 113,893 |

TOTAL VOCATIONAL EDUCATION PROGRAM 1,849,193

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COMPONENT UNIT - WASHINGTON COUNTY BOARD OF EDUCATION (CONTINUED)

GENERAL PURPOSE SCHOOL FUND (CONTINUED)

ADULT EDUCATION PROGRAM

| | | | |
|--------------------------------------|-------|-------|-------|
| Teacher | 2,820 | | |
| Social Security and Medicare | 46 | | |
| State Retirement | 52 | | |
| Employer Medicare | 13 | | |
| Instructional Supplies and Materials | 3,115 | | |
| | | 6,046 | |
| TOTAL ADULT EDUCATION PROGRAM | | | 6,046 |

ATTENDANCE

| | | | |
|------------------------------|--------|--------|--------|
| Supervisor and Director | 56,802 | | |
| Career Ladder Program | 1,000 | | |
| Secretary and Clerical | 18,497 | | |
| Social Security and Medicare | 4,650 | | |
| State Retirement | 5,559 | | |
| Life Insurance | 48 | | |
| Medical Insurance | 4,283 | | |
| Employer Medicare | 1,088 | | |
| Other Fringe Benefits | 22 | | |
| Travel | 3,077 | | |
| Other Supplies and Materials | 884 | | |
| | | 95,910 | |
| TOTAL ATTENDANCE | | | 95,910 |

HEALTH SERVICES

| | | | |
|------------------------------|---------|---------|---------|
| Medical Personnel | 173,978 | | |
| Clerical Personnel | 17,622 | | |
| Other Salaries and Wages | 215,883 | | |
| Social Security and Medicare | 24,923 | | |
| State Retirement | 48,000 | | |
| Life Insurance | 336 | | |
| Medical Insurance | 79,547 | | |
| Employer Medicare | 5,831 | | |
| Other Fringe Benefits | 88 | | |
| Travel | 9,895 | | |
| Other Contracted Services | 84,000 | | |
| Drugs and Medical Supplies | 817 | | |
| Other Supplies & Materials | 20,938 | | |
| Other Charges | 14,999 | | |
| | | 696,857 | |
| TOTAL HEALTH SERVICES | | | 696,857 |

OTHER STUDENT SUPPORT

| | | | |
|-----------------------|---------|--|--|
| Career Ladder Program | 8,000 | | |
| Guidance Personnel | 683,002 | | |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COMPONENT UNIT - WASHINGTON COUNTY BOARD OF EDUCATION (CONTINUED)

GENERAL PURPOSE SCHOOL FUND (CONTINUED)

OTHER STUDENT SUPPORT (CONTINUED)

| | | |
|--------------------------------------|---------|---------|
| Social Security and Medicare | 42,318 | |
| State Retirement | 38,723 | |
| Life Insurance | 510 | |
| Medical Insurance | 112,134 | |
| Employer Medicare | 9,897 | |
| Other Fringe Benefits | 368 | |
| Contracts with Other Public Agencies | 40,000 | |
| Evaluation and Testing | 46,855 | |
| Other Supplies and Materials | 2,386 | |
| | | 984,193 |

TOTAL OTHER STUDENT SUPPORT

984,193

BOARD OF EDUCATION

| | | |
|------------------------------------|---------|---------|
| Board and Committee Fees | 14,850 | |
| Social Security and Medicare | 921 | |
| Employer Medicare | 215 | |
| Audit Services | 30,000 | |
| Dues and Memberships | 8,906 | |
| Legal Services | 5,929 | |
| Travel | 13,850 | |
| Other Contracted Services | 1,800 | |
| Liability Insurance | 82,416 | |
| Premiums on Corporate Surety Bonds | 2,381 | |
| Trustee Commission | 421,652 | |
| Workman's Compensation | 368,736 | |
| Criminal Investigation Application | 7,296 | |
| Other Charges | 8,117 | |
| | | 967,069 |

TOTAL BOARD OF EDUCATION

967,069

OFFICE OF THE DIRECTOR

| | | |
|------------------------------|---------|--|
| Director of Schools | 104,124 | |
| Career Ladder Program | 400 | |
| Secretary and Clerical | 147,162 | |
| Other Salaries and Wages | 28,208 | |
| Social Security and Medicare | 17,583 | |
| State Retirement | 33,451 | |
| Life Insurance | 138 | |
| Medical Insurance | 23,748 | |
| Employer Medicare | 4,113 | |
| Other Fringe Benefits | 22 | |
| Communications | 54,542 | |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COMPONENT UNIT - WASHINGTON COUNTY BOARD OF EDUCATION (CONTINUED)

GENERAL PURPOSE SCHOOL FUND (CONTINUED)

OFFICE OF THE DIRECTOR (CONTINUED)

| | | |
|---------------------------|----------------|--|
| Postal Charges | 10,540 | |
| Travel | 1,283 | |
| Other Contracted Services | 68,544 | |
| Office Supplies | 4,952 | |
| | <u>498,810</u> | |

TOTAL OFFICE OF THE DIRECTOR

498,810

498,810

OFFICE OF THE PRINCIPAL

| | | |
|---------------------------------|------------------|--|
| Principals | 700,868 | |
| Career Ladder | 27,000 | |
| Career Ladder Extended Contract | 13,500 | |
| Assistant Principals | 648,285 | |
| Secretary and Clerical | 458,777 | |
| Social Security and Medicare | 112,304 | |
| State Retirement | 135,030 | |
| Life Insurance | 1,254 | |
| Medical Insurance | 177,953 | |
| Employer Medicare | 26,218 | |
| Other Fringe Benefits | 540 | |
| Communications | 18,200 | |
| Travel | 2,772 | |
| Other Supplies & Materials | 3,360 | |
| Other Charges | 127,000 | |
| | <u>2,453,061</u> | |

2,453,061

TOTAL OFFICE OF THE PRINCIPAL

2,453,061

FISCAL SERVICES

| | | |
|------------------------------|----------------|--|
| Supervisor/Director | 59,648 | |
| Clerical Personnel | 57,637 | |
| Social Security and Medicare | 7,079 | |
| State Retirement | 15,095 | |
| Life Insurance | 66 | |
| Medical Insurance | 12,889 | |
| Employer Medicare | 1,653 | |
| Travel | 741 | |
| Other Contracted Services | 9,842 | |
| Other Supplies and Materials | 883 | |
| | <u>165,533</u> | |

165,533

TOTAL FISCAL SERVICES

165,533

OPERATION OF PLANT

| | | |
|------------------------------|---------|--|
| Custodial Personnel | 450,093 | |
| Social Security and Medicare | 26,985 | |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COMPONENT UNIT - WASHINGTON COUNTY BOARD OF EDUCATION (CONTINUED)

GENERAL PURPOSE SCHOOL FUND (CONTINUED)

OPERATION OF PLANT (CONTINUED)

| | | |
|---------------------------|-----------|------------------|
| State Retirement | 54,525 | |
| Life Insurance | 540 | |
| Medical Insurance | 76,704 | |
| Employer Medicare | 6,312 | |
| Other Contracted Services | 97,687 | |
| Custodial Supplies | 81,093 | |
| Janitorial Services | 497,443 | |
| Electricity | 1,312,646 | |
| Natural Gas | 135,511 | |
| Propane Gas | 16,035 | |
| Garbage Services | 80,273 | |
| Water and Sewer | 120,000 | |
| Boiler Insurance | 12,982 | |
| Other Charges | 2,399 | |
| | | <u>2,971,228</u> |

TOTAL OPERATION OF PLANT

2,971,228

MAINTENANCE OF PLANT

| | | |
|--|---------|------------------|
| Supervisor and Director | 52,538 | |
| Maintenance Personnel | 705,180 | |
| Social Security and Medicare | 45,529 | |
| State Retirement | 89,758 | |
| Life Insurance | 552 | |
| Medical Insurance | 142,336 | |
| Employer Medicare | 10,647 | |
| Communication | 2,326 | |
| Maintenance and Repair | 66,764 | |
| Other Contracted Services | 369 | |
| Other Supplies and Materials | 339,578 | |
| Other Charges | 87 | |
| Capital Outlay - Maintenance Equipment | 126,225 | |
| | | <u>1,581,889</u> |

TOTAL MAINTENANCE OF PLANT

1,581,889

TRANSPORTATION

| | | |
|------------------------------|---------|--|
| Supervisor and Director | 39,176 | |
| Mechanics | 183,143 | |
| Bus Drivers | 784,776 | |
| Social Security and Medicare | 62,555 | |
| State Retirement | 126,576 | |
| Life Insurance | 1,638 | |
| Medical Insurance | 273,422 | |
| Employer Medicare | 14,659 | |
| Communication | 445 | |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COMPONENT UNIT - WASHINGTON COUNTY BOARD OF EDUCATION (CONTINUED)

GENERAL PURPOSE SCHOOL FUND (CONTINUED)

TRANSPORTATION (CONTINUED)

| | | |
|---|------------------|--|
| Tow-In Services | 2,085 | |
| Other Contracted Services | 1,935 | |
| Gasoline | 485,945 | |
| Tires and Tubes | 41,763 | |
| Vehicle Parts | 124,069 | |
| Other Supplies and Materials | 3,963 | |
| Vehicle and Equipment Insurance | 73,341 | |
| Other Charges | 35,633 | |
| Capital Outlay - Transportation Equipment | 83,890 | |
| | <u>2,339,014</u> | |

TOTAL TRANSPORTATION

2,339,014

CENTRAL AND OTHER

| | | |
|------------------------------|----------------|--|
| Supervisor/Director | 57,096 | |
| Clerical Personnel | 15,182 | |
| Other Salaries and Wages | 18,509 | |
| Social Security and Medicare | 5,426 | |
| State Retirement | 7,476 | |
| Life Insurance | 84 | |
| Medical Insurance | 18,583 | |
| Employer Medicare | 1,269 | |
| Office Supplies | 4,674 | |
| Other Supplies and Materials | - | |
| Other Charges | 3,478 | |
| | <u>131,777</u> | |

TOTAL CENTRAL AND OTHER

131,777

FOOD SERVICE

| | | |
|------------------------------|----------------|--|
| Supervisor/Director | 39,166 | |
| Social Security and Medicare | 2,308 | |
| State Retirement | 5,041 | |
| Life Insurance | 1,920 | |
| Medical Insurance | 272,000 | |
| Employer Medicare | 540 | |
| Other Fringe Benefits | 22 | |
| Communication | 300 | |
| | <u>321,297</u> | |

TOTAL FOOD SERVICE

321,297

COMMUNITY SERVICE

| | | |
|------------------------------|---------|--|
| Supervisor | 12,500 | |
| Secretaries | 27,920 | |
| Other Salaries and Wages | 317,430 | |
| Social Security and Medicare | 22,133 | |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COMPONENT UNIT - WASHINGTON COUNTY BOARD OF EDUCATION (CONTINUED)

GENERAL PURPOSE SCHOOL FUND (CONTINUED)

COMMUNITY SERVICE (CONTINUED)

| | | |
|------------------------------|--------|---------|
| State Retirement | 3,661 | |
| Medical Insurance | 4,277 | |
| Employer Medicare | 5,168 | |
| Communication | 4,195 | |
| Travel | 1,141 | |
| Food Supplies | 19,520 | |
| Other Supplies and Materials | 24,573 | |
| | | 442,518 |
| TOTAL COMMUNITY SERVICE | | |

442,518

CAPITAL OUTLAY

| | | |
|--------------------------|-----------|-----------|
| Building Improvements | 285,115 | |
| Construction in Progress | 2,228,502 | |
| Other Capital Outlay | 180,376 | |
| | | 2,693,993 |
| TOTAL CAPITAL OUTLAY | | |

2,693,993

TOTAL GENERAL PURPOSE SCHOOL FUND

\$ 52,463,922

SCHOOL FEDERAL PROJECTS

REGULAR INSTRUCTIONAL PROGRAM

CLASSROOM

| | | |
|--------------------------------------|---------|-----------|
| Teachers | 942,658 | |
| Educational Assistants | 205,712 | |
| Other Salaries and Wages | 4,250 | |
| Substitute Teachers | 45,830 | |
| Social Security and Medicare | 84,434 | |
| State Retirement | 67,496 | |
| Medical Insurance | 256,719 | |
| Maintenance and Repair | 1,717 | |
| Instructional Supplies and Materials | 240,420 | |
| Regular Instruction Equipment | 20,317 | |
| TOTAL CLASSROOM | | 1,869,553 |

ADMINISTRATION

| | | |
|------------------------------|--------|--|
| Supervisors | 45,049 | |
| Secretary and Clerical | 44,458 | |
| Other Salaries and Wages | 35,774 | |
| Social Security and Medicare | 9,630 | |
| State Retirement | 7,845 | |
| Medical Insurance | 4,051 | |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

COMPONENT UNIT - WASHINGTON COUNTY BOARD OF EDUCATION (CONTINUED)

SCHOOL FEDERAL PROJECTS (CONTINUED)

REGULAR INSTRUCTIONAL PROGRAM (CONTINUED)

ADMINISTRATION (CONTINUED)

| | | |
|--------------------------------|---------|---------|
| Maintenance and Repair Service | 2,157 | |
| Travel | 7,064 | |
| Other Supplies and Materials | 3,097 | |
| Inservice Workshops | 161,548 | |
| Other Charges | 36,213 | |
| Indirect Cost | 19,003 | |
| TOTAL ADMINISTRATION | | 375,889 |

TOTAL REGULAR INSTRUCTIONAL PROGRAM

2,245,442

SPECIAL EDUCATION PROGRAM

CLASSROOM

| | | |
|------------------------------|---------|-----------|
| Teachers | 65,006 | |
| Educational Assistants | 715,000 | |
| Other Salaries and Wages | 53,260 | |
| Social Security and Medicare | 57,567 | |
| State Retirement | 79,075 | |
| Medical Insurance | 217,097 | |
| TOTAL CLASSROOM | | 1,187,005 |

ADMINISTRATION

| | | |
|------------------------------|---------|---------|
| Other Contracted Services | 800 | |
| In-Service Workshops | 130,609 | |
| Other Supplies and Materials | 115,856 | |
| Other Charges | 664 | |
| Indirect Cost | 14,080 | |
| TOTAL ADMINISTRATION | | 262,009 |

TOTAL SPECIAL EDUCATION PROGRAM

1,449,014

VOCATIONAL EDUCATION PROGRAM

CLASSROOM

| | | |
|------------------------------|--------|---------|
| Teachers | 45,639 | |
| Social Security and Medicare | 3,492 | |
| State Retirement | 2,510 | |
| Medical Insurance | 3,221 | |
| Textbooks | 62,933 | |
| Indirect Cost | 915 | |
| TOTAL CLASSROOM | | 118,710 |

TOTAL VOCATIONAL EDUCATION PROGRAM

118,710

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2006

| | | | |
|---|--------------|-----------|---------------|
| COMPONENT UNIT - WASHINGTON COUNTY BOARD OF EDUCATION (CONTINUED) | | | |
| SCHOOL FEDERAL PROJECTS (CONTINUED) | | | |
| OTHER STUDENT SUPPORT | | | |
| Guidance | 36,609 | | |
| Secretary (s) | 2,206 | | |
| Social Security and Medicare | 2,970 | | |
| State Retirement | 2,297 | | |
| Medical Insurance | 3,950 | | |
| Evaluation and Testing | 1,756 | | |
| Travel | 4,977 | | |
| In-Service Workshops | 29,965 | | |
| Other Supplies and Materials | 6,316 | | |
| | | 91,046 | |
| TOTAL OTHER STUDENT SUPPORT | | | 91,046 |
| TRANSPORTATION | | | |
| Bus Drivers | 185,197 | | |
| Social Security and Medicare | 13,872 | | |
| State Retirement | 19,874 | | |
| Medical Insurance | 28,096 | | |
| | | 247,039 | |
| TOTAL TRANSPORTATION | | | 247,039 |
| CAPITAL OUTLAY | | | |
| Equipment - Vocational Inst. | 50,000 | | |
| | | 50,000 | |
| TOTAL CAPITAL OUTLAY | | | 50,000 |
| TOTAL SCHOOL FEDERAL PROJECTS | | | \$ 4,201,251 |
| SCHOOL FOOD SERVICE FUND | | | |
| Salaries and Payroll Expenses | \$ 1,308,690 | | |
| Food | 1,287,452 | | |
| Non-Food and Other Supplies | 388,541 | | |
| Utilities | 5,569 | | |
| Contracted Services | 41,101 | | |
| Capital Outlay | 21,862 | | |
| | | 3,053,215 | |
| TOTAL SCHOOL FOOD SERVICE FUND | | | \$ 3,053,215 |
| TOTAL COMPONENT UNIT - WASHINGTON COUNTY BOARD OF EDUCATION | | | \$ 59,718,388 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINED SCHEDULE OF ASSETS AND LIABILITIES
June 30, 2006

| ASSETS | Trustee | County Clerk | Circuit Court Clerk | General Sessions Court Clerk | Law Court Clerk | Clerk and Master | Register | Sheriff | Total (Memorandum Only) |
|-----------------------|----------------------|----------------|---------------------|------------------------------|------------------|------------------|----------------|---------------|-------------------------|
| Equity in Pooled Cash | \$ 16,290,253 | - | - | - | - | - | - | - | 16,290,253 |
| Cash on Hand | 400 | 1,100 | 1,050 | 1,350 | - | 150 | 100 | 3,374 | 7,524 |
| Cash in Bank | - | 719,194 | 174,165 | 53,967 | 117,867 | 191,314 | 431,851 | 38,362 | 1,726,720 |
| Investments | 16,112,581 | - | 311,915 | 61,244 | 1,605,423 | 1,964,533 | - | - | 20,055,696 |
| Receivables | - | - | - | - | - | - | 1,296 | 22,183 | 23,479 |
| Due from State | 7,110,922 | - | - | - | - | - | - | - | 7,110,922 |
| TOTAL ASSETS | \$ 39,514,156 | 720,294 | 487,130 | 116,561 | 1,723,290 | 2,155,997 | 433,247 | 63,919 | 45,214,594 |

LIABILITIES

| | | | | | | | | | |
|---|----|---------|---------|--------|-----------|-----------|---------|---|-----------|
| DUE STATE OF TENNESSEE | \$ | 102,620 | - | - | - | - | - | - | 102,620 |
| Business and Gross Receipts Tax | - | - | - | - | - | - | - | - | - |
| Marriage Licenses | - | 5,302 | - | - | - | - | - | - | 5,302 |
| Motor Vehicle Registration | - | 211,899 | - | - | - | - | - | - | 211,899 |
| Sales and Use Tax | - | 281,289 | - | - | - | - | - | - | 281,289 |
| Mfg Home Installation Permits | - | 37 | - | - | - | - | - | - | 37 |
| Realty Transfer and Mortgage Transfer Tax | - | - | - | - | - | - | - | - | - |
| County Officials Retirement Tax | - | - | - | - | - | - | 324,350 | - | 324,350 |
| DUE TO LITIGANTS, HEIRS AND OTHERS | - | - | - | - | - | - | 8,177 | - | 8,177 |
| Donor Awareness | - | 282 | - | - | - | - | - | - | 282 |
| County Clerk | - | 1,100 | - | - | - | - | - | - | 1,100 |
| Notary Seals and Commissions | - | 90 | - | - | - | - | - | - | 90 |
| Helping Schools | - | 186 | - | - | - | - | - | - | 186 |
| Court Funds and Costs | - | - | 68,165 | 8,490 | 117,941 | 134,390 | - | - | 328,986 |
| Deposits | - | - | 311,915 | 61,244 | 1,605,423 | 1,964,533 | - | - | 3,943,115 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINED SCHEDULE OF ASSETS AND LIABILITIES
June 30, 2006

| | Trustee | County Clerk | Circuit Court Clerk | General Sessions Court Clerk | Law Court Clerk | Clerk and Master | Register | Sheriff | Total (Memorandum Only) |
|------------------------------------|---------------|--------------|---------------------|------------------------------|-----------------|------------------|----------|---------|-------------------------|
| LIABILITIES (CONTINUED) | | | | | | | | | |
| Due to Litigants, Heirs and Others | - | - | - | - | - | 57,074 | - | - | 57,074 |
| Delinquent Property Taxes | - | - | - | - | - | - | - | - | 61,400 |
| Cash Bonds | - | - | 11,900 | 49,500 | - | - | - | - | 21,219 |
| Due to Inmates | - | - | - | - | - | - | - | 21,219 | 3,274 |
| Drug Program | - | - | - | - | - | - | - | 39,426 | 39,426 |
| Swanson & Others | - | - | - | - | - | - | - | - | 1,640,888 |
| Due to Johnson City Schools | 1,640,888 | - | - | - | - | - | - | - | 3,310,522 |
| Due to Sales Tax Fund | 3,310,522 | - | - | - | - | - | - | - | - |
| Due to Johnson City | - | - | - | - | - | - | - | - | - |
| Business Tax and Marriage Licenses | - | 21,848 | - | - | - | - | - | - | 21,848 |
| Due to General Purpose School Fund | 2,088,403 | - | - | - | - | - | - | - | 2,088,403 |
| FUNDS | | | | | | | | | |
| General | 13,492,674 | - | - | - | - | - | - | - | 13,492,674 |
| Solid Waste Sanitation | 865,589 | - | - | - | - | - | - | - | 865,589 |
| Library Operation | 82,267 | - | - | - | - | - | - | - | 82,267 |
| Highway Upkeep | 2,491,894 | - | - | - | - | - | - | - | 2,491,894 |
| General Purpose School | 9,097,815 | - | - | - | - | - | - | - | 9,097,815 |
| School Federal Projects | 137,693 | - | - | - | - | - | - | - | 137,693 |
| Debt Service | 4,707,729 | - | - | - | - | - | - | - | 4,707,729 |
| Capital Projects | 990,434 | - | - | - | - | - | - | - | 990,434 |
| Drug Fines | 230,526 | - | - | - | - | - | - | - | 230,526 |
| District Attorney | 15,299 | - | - | - | - | - | - | - | 15,299 |
| Judicial District Drug | 217,540 | - | - | - | - | - | - | - | 217,540 |
| Cities-Sales Tax Fund | 4,844 | - | - | - | - | - | - | - | 4,844 |
| Commission Account | 140,039 | 95,641 | 95,150 | (2,673) | (74) | - | 100,720 | - | 428,803 |
| TOTAL LIABILITIES | \$ 39,514,156 | 720,294 | 487,130 | 116,561 | 1,723,290 | 2,155,997 | 433,247 | 63,919 | 45,214,594 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
For the Fiscal Year Ended 6/30/2006

| RECEIPTS | Trustee | County Clerk | Circuit Court Clerk | General Sessions Court Clerk | Law Court Clerk | Clerk and Master | Register | Sheriff | Total (Memorandum Only) |
|---|----------------|--------------|---------------------|------------------------------|-----------------|------------------|-----------|---------|-------------------------|
| Fund Accounts | \$ 165,867,741 | - | - | - | - | - | - | - | 165,867,741 |
| State of Tennessee | - | 7,874,015 | 139,342 | 552,654 | 17,371 | 33,404 | 3,948,458 | - | 12,565,244 |
| Litigants, Heirs and Others | - | 7,513 | 859,996 | 1,895,831 | 2,020,792 | 4,897,735 | - | 805,800 | 10,487,667 |
| County Revenue Clearing Account | - | 1,892,764 | 152,664 | 772,484 | 21,090 | 569,958 | - | 24,297 | 3,433,257 |
| Fee and Commission Account | 1,412,460 | 1,015,986 | 317,402 | 601,939 | 145,948 | 374,902 | 948,304 | - | 4,816,941 |
| TOTAL RECEIPTS | 167,280,201 | 10,790,278 | 1,469,404 | 3,822,908 | 2,205,201 | 5,875,999 | 4,896,762 | 830,097 | 197,170,850 |
| DISBURSEMENTS | 165,829,045 | 10,761,708 | 2,204,955 | 3,208,399 | 1,003,041 | 5,433,959 | 4,855,295 | 829,407 | 194,125,809 |
| Excess of Receipts Over (Under) | | | | | | | | | |
| Disbursements | 1,451,156 | 28,570 | (735,551) | 614,509 | 1,202,160 | 442,040 | 41,467 | 690 | 3,045,041 |
| Transfers from Session and Law to Circuit Court | - | - | 747,968 | (602,020) | (145,948) | - | - | - | - |
| Cash Balance, July 1, 2005 | 30,952,078 | 691,724 | 474,713 | 104,072 | 667,078 | 1,713,957 | 390,484 | 41,046 | 35,035,152 |
| Cash Balance, June 30, 2006 | \$ 32,403,234 | 720,294 | 487,130 | 116,561 | 1,723,290 | 2,155,997 | 431,951 | 41,736 | 38,080,193 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
 CONSTITUTIONAL OFFICERS
 COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
 GENERAL SESSIONS COURT CLERK
 For the Fiscal Year Ended 6/30/2006

| RECEIPTS | General Sessions - Jonesborough | General Sessions- Civil Court - Johnson City | General Sessions- State Court - Johnson City | General Sessions- Juvenile Court | Total General Sessions - Court Clerk |
|--|------------------------------------|--|--|-------------------------------------|--|
| State of Tennessee | \$ 86,134. | 78,969 | 386,722 | 829 | 552,654 |
| Washington County | 171,818 | 185,624 | 412,792 | 2,250 | 772,484 |
| Litigants, Heirs and Others | 181,474 | 1,304,334 | 370,638 | 39,385 | 1,895,831 |
| Fee and Commission Account | 82,538 | 209,076 | 303,639 | 6,686 | 601,939 |
| TOTAL RECEIPTS | 521,964 | 1,778,003 | 1,473,791 | 49,150 | 3,822,908 |
| DISBURSEMENTS | 424,416 | 1,570,260 | 1,178,944 | 34,779 | 3,208,399 |
| Excess of Receipts Over (Under) Disbursements | 97,548 | 207,743 | 294,847 | 14,371 | 614,509 |
| Transfers from Sessions to Circuit Court | (82,558) | (209,096) | (303,680) | (6,686) | (602,020) |
| Balance, July 1, 2005 | 6,732 | 7,791 | 36,395 | 53,154 | 104,072 |
| Balance, June 30, 2006 | \$ 21,722 | 6,438 | 27,562 | 60,839 | 116,561 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
 CONSTITUTIONAL OFFICERS
 COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
 CLERK AND MASTER
 For the Fiscal Year Ended 6/30/2006

| RECEIPTS | Clerk & Master - Jonesborough | Clerk & Master - Johnson City | Total Clerk & Master |
|--|----------------------------------|----------------------------------|-------------------------|
| State of Tennessee | \$ 12,512 | 20,892 | 33,404 |
| Washington County | 334,517 | 235,441 | 569,958 |
| Litigants, Heirs and Others | 2,789,929 | 2,107,806 | 4,897,735 |
| Fee and Commission Account | 176,352 | 198,550 | 374,902 |
| TOTAL RECEIPTS | 3,313,310 | 2,562,689 | 5,875,999 |
| DISBURSEMENTS | 2,888,998 | 2,544,961 | 5,433,959 |
| Excess of Receipts Over (Under) Disbursements | 424,312 | 17,728 | 442,040 |
| Transfers from Jonesborough to Johnson City | (164,401) | 164,401 | - |
| Balance, July 1, 2005 | 251,894 | 1,462,063 | 1,713,957 |
| Balance, June 30, 2006 | \$ 511,805 | 1,644,192 | 2,155,997 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
COUNTY CLERK
For the Fiscal Year Ended 6/30/2006

| Account | Balance 7/1/2005 | Receipts | Transfers | | Disbursements | Balance 6/30/2006 |
|--|---------------------|------------|-----------|---------|---------------|----------------------|
| | | | To | From | | |
| STATE OF TENNESSEE | | | | | | |
| Business and Gross Receipts Tax | \$ 136,358 | 1,305,834 | - | 65,329 | 1,274,243 | 102,620 |
| Marriage Licenses | 5,476 | 47,220 | - | 666 | 46,728 | 5,302 |
| Motor Vehicle Registration | 186,704 | 3,368,808 | - | - | 3,343,613 | 211,899 |
| Mfg Home Installation Permits | 259 | 1,676 | - | - | 1,898 | 37 |
| Sales and Use Tax | 212,754 | 2,916,360 | - | 145,818 | 2,702,007 | 281,289 |
| Motor Vehicle Titles | - | 212,834 | - | - | 212,834 | - |
| Motor Vehicle Retirement | - | 21,283 | - | - | 21,283 | - |
| TOTAL STATE OF TENNESSEE | 541,551 | 7,874,015 | - | 211,813 | 7,602,606 | 601,147 |
| WASHINGTON COUNTY / JOHNSON CITY | | | | | | |
| Business Tax and Marriage Licenses | 19,874 | 1,418,362 | - | 70,922 | 1,345,466 | 21,848 |
| Beer Tax | - | 342,982 | - | 17,149 | 325,833 | - |
| Building Permits | - | 131,420 | - | 6,571 | 124,849 | - |
| TOTAL WASHINGTON COUNTY/ JOHNSON CITY | 19,874 | 1,892,764 | - | 94,642 | 1,796,148 | 21,848 |
| LITIGANTS, HEIRS AND OTHERS | | | | | | |
| Notary Seals | 274 | 2,314 | - | - | 2,498 | 90 |
| Public Notices | 855 | 630 | - | - | 1,485 | - |
| Donor Awareness | 140 | 2,213 | - | - | 2,071 | 282 |
| Helping Schools | 155 | 2,170 | - | - | 2,139 | 186 |
| Due to County Clerk | 1,100 | - | - | - | - | 1,100 |
| Deposits | 9,680 | 186 | - | - | 9,866 | - |
| TOTAL LITIGANTS, HEIRS AND OTHERS | 12,204 | 7,513 | - | - | 18,059 | 1,658 |
| FEEES AND COMMISSION ACCOUNT | | | | | | |
| Fees and Commissions | 118,095 | 709,531 | 306,455 | - | 1,038,440 | 95,641 |
| TOTAL FEE AND COMMISSION ACCOUNT | 118,095 | 709,531 | 306,455 | - | 1,038,440 | 95,641 |
| TOTAL ALL ACCOUNTS | \$ 691,724 | 10,483,823 | 306,455 | 306,455 | 10,455,253 | 720,294 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
CIRCUIT COURT CLERK
For the Fiscal Year Ended 6/30/2006

| Account | Balance 7/1/2005 | Receipts | Transfers | | Disbursements | Balance 6/30/2006 |
|--------------------------------------|---------------------|-----------|-----------|--------|---------------|----------------------|
| | | | To | From | | |
| STATE OF TENNESSEE | | | | | | |
| State Litigation Tax | \$ - | 91,466 | - | 5,300 | 86,166 | - |
| Wildlife Resources | - | 992 | - | 99 | 893 | - |
| Department of Safety | - | 3,861 | - | 193 | 3,668 | - |
| Tennessee Bureau of Investigations | - | 3,048 | - | 152 | 2,896 | - |
| Public Defender | - | 30,446 | - | 1,522 | 28,924 | - |
| Attorney General | - | 9,529 | - | 477 | 9,052 | - |
| TOTAL STATE OF TENNESSEE | - | 139,342 | - | 7,743 | 131,599 | - |
| WASHINGTON COUNTY | | | | | | |
| County Litigation Tax | - | 11,794 | - | 1,402 | 10,392 | - |
| Special Litigation Tax | - | 1,085 | - | 61 | 1,024 | - |
| Litigation Tax / Jail | - | 4,843 | - | 273 | 4,570 | - |
| County Fines | - | 18,848 | - | 943 | 17,905 | - |
| Drug Fines | - | 49,810 | - | 2,491 | 47,319 | - |
| Drug Court Fund | - | 4,517 | - | 226 | 4,291 | - |
| County Officer's Cost | - | 20,883 | - | 1,044 | 19,839 | - |
| Jail Fees | - | 19,442 | - | 972 | 18,470 | - |
| Other Collections | - | 19,405 | - | 28 | 19,377 | - |
| Data Processing Fee | - | 1,713 | - | - | 1,713 | - |
| Court Security Fee | - | 324 | - | 16 | 308 | - |
| TOTAL WASHINGTON COUNTY | - | 152,664 | - | 7,456 | 145,208 | - |
| LITIGANTS, HEIRS AND OTHERS | | | | | | |
| Court Funds and Costs | 36,342 | 681,888 | - | - | 650,065 | 68,165 |
| Deposits | 287,483 | 62,977 | - | - | 38,545 | 311,915 |
| Alimony/Child Support | - | 26,516 | - | - | 26,516 | - |
| Cash Bonds | 71,000 | 9,400 | - | - | 68,500 | 11,900 |
| Constable's Cost | - | 497 | - | 25 | 472 | - |
| Fines and Arrest Fees - Jonesborough | - | 13,673 | - | 684 | 12,989 | - |
| Fines and Arrest Fees - Johnson City | - | 27,370 | - | 1,368 | 26,002 | - |
| Drug Fines - Johnson City | - | 37,675 | - | 1,884 | 35,791 | - |
| TOTAL LITIGANTS, HEIRS AND OTHERS | 394,825 | 859,996 | - | 3,961 | 858,880 | 391,980 |
| FEEES AND COMMISSION ACCOUNT | | | | | | |
| Fees and Commissions | 79,888 | 1,046,210 | 19,160 | - | 1,050,108 | 95,150 |
| TOTAL FEE AND COMMISSION ACCOUNT | 79,888 | 1,046,210 | 19,160 | - | 1,050,108 | 95,150 |
| TOTAL ALL ACCOUNTS | \$ 474,713 | 2,198,212 | 19,160 | 19,160 | 2,185,795 | 487,130 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
 CONSTITUTIONAL OFFICERS
 COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
 GENERAL SESSIONS COURT CLERK - JONESBOROUGH
 For the Fiscal Year Ended 6/30/2006

| Account | Balance 7/1/2005 | Receipts | Transfers | | Disbursements | Balance 6/30/2006 |
|--------------------------------------|---------------------|----------|-----------|--------|---------------|----------------------|
| | | | To | From | | |
| STATE OF TENNESSEE | | | | | | |
| State Litigation Tax | \$ - | 64,188 | - | 3,665 | 60,523 | - |
| Department of Safety | - | 13,400 | - | 670 | 12,730 | - |
| Tennessee Bureau of Investigations | - | 7,821 | - | 391 | 7,430 | - |
| Public Defender | - | 50 | - | 3 | 47 | - |
| Attorney General | - | 675 | - | 34 | 641 | - |
| TOTAL STATE OF TENNESSEE | - | 86,134 | - | 4,763 | 81,371 | - |
| WASHINGTON COUNTY | | | | | | |
| County Litigation Tax | - | 26,361 | - | 1,469 | 24,892 | - |
| Special Litigation Tax | - | 16,744 | - | 851 | 15,893 | - |
| Litigation Tax / Jail | - | 11,509 | - | 643 | 10,866 | - |
| County Fines | - | 27,198 | - | 1,360 | 25,838 | - |
| Drug Fines | - | 11,221 | - | 561 | 10,660 | - |
| Drug Court Fund | - | 4,647 | - | 232 | 4,415 | - |
| County Officer's Cost | - | 32,596 | - | 1,630 | 30,966 | - |
| Jail Fees | - | 36,081 | - | 1,804 | 34,277 | - |
| Other Collections | - | 3,140 | - | 157 | 2,983 | - |
| Data Processing Fee | - | 2,231 | - | - | 2,231 | - |
| Court Security Fee | - | 90 | - | 4 | 86 | - |
| TOTAL WASHINGTON COUNTY | - | 171,818 | - | 8,711 | 163,107 | - |
| LITIGANTS, HEIRS AND OTHERS | | | | | | |
| Court Funds and Costs | 200 | 112,330 | - | - | 112,320 | 210 |
| Cash Bonds | 7,000 | 34,500 | - | - | 19,500 | 22,000 |
| Alimony/Child Support | - | 4,078 | - | - | 4,078 | - |
| Constable's Cost | - | 5,143 | - | 257 | 4,886 | - |
| Fines and Arrest Fees - Jonesborough | - | 25,381 | - | 1,269 | 24,112 | - |
| Fines and Arrest Fees - Johnson City | - | 42 | - | 2 | 40 | - |
| TOTAL LITIGANTS, HEIRS AND OTHERS | 7,200 | 181,474 | - | 1,528 | 164,936 | 22,210 |
| FEE AND COMMISSION ACCOUNT | | | | | | |
| Fees and Commissions | (468) | 67,536 | 15,002 | - | 82,558 | (488) |
| TOTAL FEE AND COMMISSION ACCOUNT | (468) | 67,536 | 15,002 | - | 82,558 | (488) |
| TOTAL ALL ACCOUNTS | \$ 6,732 | 506,962 | 15,002 | 15,002 | 491,972 | 21,722 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
 CONSTITUTIONAL OFFICERS
 COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
 GENERAL SESSIONS COURT CLERK - CIVIL COURT - JOHNSON CITY
 For the Fiscal Year Ended 6/30/2006

| Account | Balance 7/1/2005 | Receipts | Transfers | | Disbursements | Balance 6/30/2006 |
|-----------------------------------|---------------------|-----------|-----------|--------|---------------|----------------------|
| | | | To | From | | |
| STATE OF TENNESSEE | | | | | | |
| State Litigation Tax | \$ - | 78,969 | - | 4,650 | 74,319 | - |
| TOTAL STATE OF TENNESSEE | - | 78,969 | - | 4,650 | 74,319 | - |
| WASHINGTON COUNTY | | | | | | |
| County Litigation Tax | - | 56,607 | - | 3,210 | 53,397 | - |
| Special Litigation Tax | - | 62,099 | - | 3,164 | 58,935 | - |
| Litigation Tax / Jail | - | 44,195 | - | 2,508 | 41,687 | - |
| County Officer's Cost | - | 13,882 | - | 694 | 13,188 | - |
| Other Collections | - | 35 | - | 2 | 33 | - |
| Data Processing Fee | - | 8,672 | - | - | 8,672 | - |
| Court Security Fee | - | 134 | - | 7 | 127 | - |
| TOTAL WASHINGTON COUNTY | - | 185,624 | - | 9,585 | 176,039 | - |
| LITIGANTS, HEIRS AND OTHERS | | | | | | |
| Court Funds and Costs | 7,287 | 1,217,745 | - | - | 1,219,081 | 5,951 |
| Deposits | 403 | 3 | - | - | - | 406 |
| Alimony/Child Support | - | 14,823 | - | - | 14,823 | - |
| Constable's Cost | - | 71,763 | - | 3,588 | 68,175 | - |
| TOTAL LITIGANTS, HEIRS AND OTHERS | 7,690 | 1,304,334 | - | 3,588 | 1,302,079 | 6,357 |
| FEEES AND COMMISSION ACCOUNT | | | | | | |
| Fees and Commissions | 101 | 191,253 | 17,823 | - | 209,096 | 81 |
| TOTAL FEE AND COMMISSION ACCOUNT | 101 | 191,253 | 17,823 | - | 209,096 | 81 |
| TOTAL ALL ACCOUNTS | \$ 7,791 | 1,760,180 | 17,823 | 17,823 | 1,761,533 | 6,438 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
GENERAL SESSIONS COURT CLERK - STATE COURT - JOHNSON CITY
For the Fiscal Year Ended 6/30/2006

| Account | Balance 7/1/2005 | Receipts | Transfers | | Disbursements | Balance 6/30/2006 |
|--------------------------------------|---------------------|-----------|-----------|--------|---------------|----------------------|
| | | | To | From | | |
| STATE OF TENNESSEE | | | | | | |
| State Litigation Tax | \$ - | 234,825 | - | 13,057 | 221,768 | - |
| Wildlife Resources | - | 10,736 | - | 678 | 10,058 | - |
| Department of Safety | - | 105,641 | - | 5,282 | 100,359 | - |
| Tennessee Bureau of Investigation | - | 28,028 | - | 1,401 | 26,627 | - |
| Public Service Commission | - | 240 | - | 12 | 228 | - |
| Public Defender | - | 50 | - | 3 | 47 | - |
| Attorney General | - | 7,202 | - | 360 | 6,842 | - |
| TOTAL STATE OF TENNESSEE | - | 386,722 | - | 20,793 | 365,929 | - |
| WASHINGTON COUNTY | | | | | | |
| County Litigation Tax | - | 120,426 | - | 6,757 | 113,669 | - |
| Special Litigation Tax | - | 62,926 | - | 3,201 | 59,725 | - |
| Litigation Tax / Jail | - | 42,842 | - | 2,406 | 40,436 | - |
| County Fines | - | 34,333 | - | 1,717 | 32,616 | - |
| Drug Fines | - | 6,102 | - | 305 | 5,797 | - |
| Drug Court Fund | - | 8,796 | - | 440 | 8,356 | - |
| County Officer's Cost | - | 29,901 | - | 1,495 | 28,406 | - |
| Jail Fees | - | 91,246 | - | 4,563 | 86,683 | - |
| Other Collections | - | 7,105 | - | 355 | 6,750 | - |
| Data Processing Fee | - | 8,447 | - | - | 8,447 | - |
| Court Security Fee | - | 668 | - | 33 | 635 | - |
| TOTAL WASHINGTON COUNTY | - | 412,792 | - | 21,272 | 391,520 | - |
| LITIGANTS, HEIRS AND OTHERS | | | | | | |
| Court Funds and Costs | 3,121 | 124,621 | - | - | 125,413 | 2,329 |
| Cash Bonds | 35,500 | 64,400 | - | - | 72,400 | 27,500 |
| Constable's Cost | - | 3,913 | - | 196 | 3,717 | - |
| Fines and Arrest Fees - Jonesborough | - | 218 | - | 11 | 207 | - |
| Fines and Arrest Fees - Johnson City | - | 138,937 | - | 6,947 | 131,990 | - |
| Drug Fines - Johnson City | - | 38,549 | - | 1,927 | 36,622 | - |
| TOTAL LITIGANTS, HEIRS AND OTHERS | 38,621 | 370,638 | - | 9,081 | 370,349 | 29,829 |
| FEEES AND COMMISSION ACCOUNT | | | | | | |
| Fees and Commissions | (2,226) | 252,493 | 51,146 | - | 303,680 | (2,267) |
| TOTAL FEE AND COMMISSION ACCOUNT | (2,226) | 252,493 | 51,146 | - | 303,680 | (2,267) |
| TOTAL ALL ACCOUNTS | \$ 36,395 | 1,422,645 | 51,146 | 51,146 | 1,431,478 | 27,562 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
 CONSTITUTIONAL OFFICERS
 COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
 GENERAL SESSIONS COURT CLERK - JUVENILE
 For the Fiscal Year Ended 6/30/2006

| Account | Balance 7/1/2005 | Receipts | Transfers | | Disbursements | Balance 6/30/2006 |
|--------------------------------------|---------------------|----------|-----------|------|---------------|----------------------|
| | | | To | From | | |
| STATE OF TENNESSEE | | | | | | |
| State Litigation Tax | \$ - | 779 | - | 39 | 740 | - |
| Tennessee Bureau of Investigation | - | 50 | - | 3 | 47 | - |
| TOTAL STATE OF TENNESSEE | - | 829 | - | 42 | 787 | - |
| WASHINGTON COUNTY | | | | | | |
| County Fines | - | 750 | - | 37 | 713 | - |
| Drug Fines | - | 175 | - | 9 | 166 | - |
| County Officer's Cost | - | 1,153 | - | 58 | 1,095 | - |
| Data Processing Fee | - | 172 | - | - | 172 | - |
| TOTAL WASHINGTON COUNTY | - | 2,250 | - | 104 | 2,146 | - |
| LITIGANTS, HEIRS AND OTHERS | | | | | | |
| Court Funds & Costs | - | 22,382 | - | - | 22,382 | - |
| Deposits | 53,153 | 7,685 | - | - | - | 60,838 |
| Alimony/Child Support | - | 9,050 | - | - | 9,050 | - |
| Fines and Arrest Fees - Jonesborough | - | 268 | - | 13 | 255 | - |
| TOTAL LITIGANTS, HEIRS AND OTHERS | 53,153 | 39,385 | - | 13 | 31,687 | 60,838 |
| FEEES AND COMMISSION ACCOUNT | | | | | | |
| Fees and Commissions | 1 | 6,527 | 159 | - | 6,686 | 1 |
| TOTAL FEE AND COMMISSION ACCOUNT | 1 | 6,527 | 159 | - | 6,686 | 1 |
| TOTAL ALL ACCOUNTS | \$ 53,154 | 48,991 | 159 | 159 | 41,306 | 60,839 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
 CONSTITUTIONAL OFFICERS
 COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
 LAW COURT CLERK - JOHNSON CITY
 For the Fiscal Year Ended 6/30/2006

| Account | Balance 7/1/2005 | Receipts | Transfers | | Disbursements | Balance 6/30/2006 |
|-----------------------------------|---------------------|-----------|-----------|-------|---------------|----------------------|
| | | | To | From | | |
| STATE OF TENNESSEE | | | | | | |
| State Litigation Tax | \$ - | 17,371 | - | 1,921 | 15,450 | - |
| TOTAL STATE OF TENNESSEE | - | 17,371 | - | 1,921 | 15,450 | - |
| WASHINGTON COUNTY | | | | | | |
| County Litigation Tax | - | 8,594 | - | 1,057 | 7,537 | - |
| Special Litigation Tax | - | 1,464 | - | 82 | 1,382 | - |
| Litigation Tax / Jail | - | 7,316 | - | 408 | 6,908 | - |
| County Officer's Cost | - | 1,941 | - | 97 | 1,844 | - |
| Other Collections | - | 176 | - | - | 176 | - |
| Data Processing Fee | - | 1,599 | - | - | 1,599 | - |
| TOTAL WASHINGTON COUNTY | - | 21,090 | - | 1,644 | 19,446 | - |
| LITIGANTS, HEIRS AND OTHERS | | | | | | |
| Court Funds and Costs | 270,329 | 613,843 | - | - | 766,231 | 117,941 |
| Deposits | 396,823 | 1,323,592 | - | - | 114,992 | 1,605,423 |
| Alimony/Child Support | - | 78,763 | - | - | 78,763 | - |
| Constable's Cost | - | 4,594 | - | 230 | 4,364 | - |
| TOTAL LITIGANTS, HEIRS AND OTHERS | 667,152 | 2,020,792 | - | 230 | 964,350 | 1,723,364 |
| FEEES AND COMMISSION ACCOUNT | | | | | | |
| Fees and Commissions | (74) | 142,153 | 3,795 | - | 145,948 | (74) |
| TOTAL FEE AND COMMISSION ACCOUNT | (74) | 142,153 | 3,795 | - | 145,948 | (74) |
| TOTAL ALL ACCOUNTS | \$ 667,078 | 2,201,406 | 3,795 | 3,795 | 1,145,194 | 1,723,290 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
CLERK AND MASTER - JONESBOROUGH
For the Fiscal Year Ended 6/30/2006

| Account | Balance 7/1/2005 | Receipts | Transfers | | Disbursements | Balance 6/30/2006 |
|---|---------------------|-----------|-----------|--------|---------------|----------------------|
| | | | To | From | | |
| STATE OF TENNESSEE | | | | | | |
| Litigation Tax | \$ - | 11,994 | - | 1,258 | 10,736 | - |
| Treasury Department | - | 518 | - | - | 518 | - |
| TOTAL STATE OF TENNESSEE | - | 12,512 | - | 1,258 | 11,254 | - |
| WASHINGTON COUNTY | | | | | | |
| County Litigation Tax | - | 5,923 | - | 714 | 5,209 | - |
| Special Litigation Tax | - | 1,008 | - | 121 | 887 | - |
| Litigation Tax - Jail | - | 5,030 | - | 606 | 4,424 | - |
| County Officer's Cost | - | 2,607 | - | 131 | 2,476 | - |
| Delinquent Taxes | - | 209,963 | - | 10,498 | 199,465 | - |
| Delinquent Taxes - Penalty and Interest | - | 98,905 | - | 4,945 | 93,960 | - |
| Delinquent Taxes - Court Costs | - | 9,919 | - | - | 9,919 | - |
| Data Processing Fee | - | 1,122 | - | - | 1,122 | - |
| Court Security Fee | - | 40 | - | - | 40 | - |
| TOTAL WASHINGTON COUNTY | - | 334,517 | - | 17,015 | 317,502 | - |
| LITIGANTS, HEIRS AND OTHERS | | | | | | |
| Court Funds & Costs | 139,799 | 1,570,387 | - | - | 1,704,466 | 5,720 |
| Deposits | 112,095 | 909,430 | - | - | 515,440 | 506,085 |
| Alimony/ Child Support | - | 100,346 | - | - | 100,346 | - |
| Constables, Legal Process | - | 9,813 | - | - | 9,813 | - |
| Attorney's Fees and Commissions | | | | | | |
| - Delinquent Tax | - | 74,184 | - | - | 74,184 | - |
| City Delinquent Taxes | - | 58,967 | - | 2,949 | 56,018 | - |
| City Delinquent Taxes - Penalty and Interest | - | 43,393 | - | 2,170 | 41,223 | - |
| City Delinquent Tax - Court Costs | - | 1,283 | - | - | 1,283 | - |
| Jonesborough Delinquent Taxes | - | 12,766 | - | 638 | 12,128 | - |
| Jonesborough Delinquent Taxes - Penalty and Interest | - | 4,474 | - | 224 | 4,250 | - |
| Jonesborough Delinquent Taxes - Court Costs | - | 158 | - | - | 158 | - |
| Publications | - | 4,728 | - | - | 4,728 | - |
| TOTAL LITIGANTS, HEIRS AND OTHERS | 251,894 | 2,789,929 | - | 5,981 | 2,524,037 | 511,805 |
| FEEES AND COMMISSION ACCOUNT | | | | | | |
| Fees and Commissions | - | 140,147 | 24,254 | - | 164,401 | - |
| Special Commissioner Fees | - | 11,951 | - | - | 11,951 | - |
| TOTAL FEE AND COMMISSION ACCOUNT | - | 152,098 | 24,254 | - | 176,352 | - |
| TOTAL ALL ACCOUNTS | \$ 251,894 | 3,289,056 | 24,254 | 24,254 | 3,029,145 | 511,805 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
CLERK AND MASTER - JOHNSON CITY
For the Fiscal Year Ended 6/30/2006

| Account | Balance 7/1/2005 | Receipts | Transfers | | Disbursements | Balance 6/30/2006 |
|---|---------------------|-----------|-----------|--------|---------------|----------------------|
| | | | To | From | | |
| STATE OF TENNESSEE | | | | | | |
| State Litigation Tax | \$ - | 7,980 | - | 860 | 7,120 | - |
| Treasury Department | - | 12,912 | - | - | 12,912 | - |
| TOTAL STATE OF TENNESSEE | - | 20,892 | - | 860 | 20,032 | - |
| WASHINGTON COUNTY | | | | | | |
| County Litigation Tax | - | 3,942 | - | 472 | 3,470 | - |
| Special Litigation Tax | - | 670 | - | 80 | 590 | - |
| Litigation Tax / Jail | - | 3,340 | - | 400 | 2,940 | - |
| County Officers' Cost | - | 4,460 | - | 223 | 4,237 | - |
| Delinquent Taxes | 12,830 | 154,810 | - | 4,887 | 105,679 | 57,074 |
| Delinquent Taxes - Penalty and Interest | - | 57,120 | - | 2,856 | 54,264 | - |
| Delinquent Tax - Court Costs | - | 10,187 | - | - | 10,187 | - |
| Data Processing Fee | - | 902 | - | - | 902 | - |
| Court Security Fee | - | 10 | - | - | 10 | - |
| TOTAL WASHINGTON COUNTY | 12,830 | 235,441 | - | 8,918 | 182,279 | 57,074 |
| LITIGANTS, HEIRS AND OTHERS | | | | | | |
| Court Funds and Costs | 59,155 | 1,339,999 | - | - | 1,270,484 | 128,670 |
| Deposits | 1,390,078 | 280,141 | - | - | 211,771 | 1,458,448 |
| Alimony/ Child Support | - | 321,735 | - | - | 321,735 | - |
| Constables, Legal Process | - | 6,620 | - | - | 6,620 | - |
| Attorneys Fees and Commissions - | | | | | | |
| Delinquent Tax | - | 44,269 | - | - | 44,269 | - |
| City Delinquent Taxes | - | 61,976 | - | 3,099 | 58,877 | - |
| City Delinquent Taxes - | | | | | | |
| Penalty and Interest | - | 48,900 | - | 2,445 | 46,455 | - |
| City Delinquent Taxes - Court Costs | - | 2,688 | - | - | 2,688 | - |
| Jonesborough Delinquent Taxes | - | 977 | - | 49 | 928 | - |
| Jonesborough Delinquent Taxes - | | | | | | |
| Penalty and Interest | - | 253 | - | 12 | 241 | - |
| Jonesborough Delinquent Taxes - | | | | | | |
| Court Costs | - | 83 | - | - | 83 | - |
| Publications | - | 165 | - | - | 165 | - |
| TOTAL LITIGANTS, HEIRS AND OTHERS | 1,449,233 | 2,107,806 | - | 5,605 | 1,964,316 | 1,587,118 |
| FEEES AND COMMISSION ACCOUNT | | | | | | |
| Fees and Commissions | - | 180,081 | 15,383 | - | 195,464 | - |
| Special Commissioner Fees | - | 3,086 | - | - | 3,086 | - |
| TOTAL FEE AND COMMISSION ACCOUNT | - | 183,167 | 15,383 | - | 198,550 | - |
| TOTAL ALL ACCOUNTS | \$ 1,462,063 | 2,547,306 | 15,383 | 15,383 | 2,365,177 | 1,644,192 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
 CONSTITUTIONAL OFFICERS
 COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
 REGISTER
 For the Fiscal Year Ended 6/30/2006

| Account | Balance 7/1/2005 | Receipts | Transfer | | Disbursements | Balance 6/30/2006 |
|----------------------------------|---------------------|-----------|----------|--------|---------------|----------------------|
| | | | To | From | | |
| STATE OF TENNESSEE | | | | | | |
| Realty Transfer and Mortgage Tax | \$ 285,946 | 3,947,509 | - | 94,763 | 3,815,638 | 323,054 |
| County Officials' Retirement Tax | 7,228 | 949 | - | - | - | 8,177 |
| TOTAL STATE OF TENNESSEE | 293,174 | 3,948,458 | - | 94,763 | 3,815,638 | 331,231 |
| FEEES AND COMMISSION ACCOUNT | 97,310 | 853,541 | 94,763 | - | 944,894 | 100,720 |
| TOTAL ALL ACCOUNTS | \$ 390,484 | 4,801,999 | 94,763 | 94,763 | 4,760,532 | 431,951 |

See Independent Auditors' Report

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
SHERIFF
For the Fiscal Year Ended 6/30/2006

Cash Balance, 7/01/05 \$ 41,046

RECIEPTS

| | |
|------------------------------|--------------|
| Officers Costs | 24,297 |
| Cash Bonds - Various Courts | 113,937 |
| Inmates Deposits | 668,079 |
| Fingerprinting | 2,045 |
| Handgun Permits | 4,460 |
| Sexual Offender Registration | 2,405 |
| Reimbursement | 5,674 |
| Incentives | <u>9,200</u> |

TOTAL RECEIPTS 830,097

DISBURSEMENTS

BY CHECK

| | |
|-----------------------------------|---------|
| Officers Costs Reported to County | 24,297 |
| Cash Bonds - Various Courts | 113,937 |
| Payments to Inmates | 665,833 |
| Handgun Permits | 4,460 |
| Incentives | 9,200 |
| Fingerprinting | 2,045 |
| SOR | 2,405 |

BY CASH

| | |
|----------|--------------|
| Drug Buy | <u>7,230</u> |
|----------|--------------|

TOTAL DISBURSEMENTS 829,407

Receipts Over (Under) Disbursements 690

Cash Balance, 6/30/06 \$ 41,736

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINED SCHEDULE OF CHANGES IN FEE AND COMMISSION ACCOUNTS
For the Fiscal Year Ended 6/30/2006

| | Trustee | County Clerk | Circuit Court Clerk | General Sessions Court Clerk | Law Court Clerk | Clerk and Master | Register | Sheriff | Total (Memorandum Only) |
|---|-----------|--------------|---------------------|------------------------------|-----------------|------------------|----------|---------|-------------------------|
| REVENUE AND OTHER SOURCES | | | | | | | | | |
| REVENUE | | | | | | | | | |
| Fees | \$ - | 662,988 | 271,498 | 517,809 | 142,153 | 316,937 | 853,355 | - | 2,764,740 |
| Special Commissioner Fees | - | - | - | - | - | 15,037 | - | - | 15,037 |
| Interest Earned | - | 46,543 | 26,744 | - | - | 3,291 | 186 | - | 76,764 |
| Commissions | 1,412,460 | 306,455 | 19,160 | 84,130 | 3,795 | 39,637 | 94,763 | - | 1,960,400 |
| TOTAL REVENUE | 1,412,460 | 1,015,986 | 317,402 | 601,939 | 145,948 | 374,902 | 948,304 | - | 4,816,941 |
| OTHER SOURCES | | | | | | | | | |
| OPERATING TRANSFERS | | | | | | | | | |
| General Sessions - Jonesborough | - | - | 82,558 | - | - | - | - | - | 82,558 |
| General Sessions - Civil Court - Johnson City | - | - | 209,096 | - | - | - | - | - | 209,096 |
| General Sessions - State Court - Johnson City | - | - | 303,680 | - | - | - | - | - | 303,680 |
| General Sessions - Juvenile Court | - | - | 6,686 | - | - | - | - | - | 6,686 |
| Law Court | - | - | 145,948 | - | - | - | - | - | 145,948 |
| TOTAL REVENUE AND OTHER SOURCES | 1,412,460 | 1,015,986 | 1,065,370 | 601,939 | 145,948 | 374,902 | 948,304 | - | 5,564,909 |
| EXPENDITURES AND OTHER USES | | | | | | | | | |
| EXPENDITURES | | | | | | | | | |
| Special Commissioner Fees | - | - | - | - | - | 15,037 | - | - | 15,037 |
| Bank Charges | - | - | 10,103 | - | - | - | - | - | 10,103 |
| TOTAL EXPENDITURES | - | - | 10,103 | - | - | 15,037 | - | - | 25,140 |

(Continued)

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINED SCHEDULE OF CHANGES IN FEE AND COMMISSION ACCOUNTS
For the Fiscal Year Ended 6/30/2006

| | Trustee | County Clerk | Circuit Court Clerk | General Sessions Court Clerk | Law Court Clerk | Clerk and Master | Register | Sheriff | Total (Memorandum Only) |
|---|-------------------|------------------|---------------------|------------------------------|-----------------|------------------|----------------|----------|-------------------------|
| EXPENDITURES AND OTHER USES (CONTINUED) | | | | | | | | | |
| TOTAL EXPENDITURES (BROUGHT FORWARD) | - | - | 10,103 | - | - | 15,037 | - | - | 25,140 |
| OTHER USES | | | | | | | | | |
| Fees & Commissions to County General Fund | 1,412,460 | 1,015,986 | 1,055,267 | (81) | - | 359,865 | 948,304 | - | 4,791,801 |
| OPERATING TRANSFERS | | | | | | | | | |
| Fees & Commissions to Circuit Court | - | - | - | 602,020 | 145,948 | - | - | - | 747,968 |
| Total Expenditures and Other Uses | <u>1,412,460</u> | <u>1,015,986</u> | <u>1,065,370</u> | <u>601,939</u> | <u>145,948</u> | <u>374,902</u> | <u>948,304</u> | <u>-</u> | <u>5,564,909</u> |
| Excess Fees, June 30, 2006 | | | | | | | | | |
| Add: Due to County General Fund - | | | | | | | | | |
| Excess Fees | 140,039 | 95,641 | 92,402 | - | - | - | 100,720 | - | 428,802 |
| Due to General Sessions - | | | | | | | | | |
| State Court - Johnson City | - | - | 2,267 | - | - | - | - | - | 2,267 |
| Due to General Sessions - | | | | | | | | | |
| Jonesborough | - | - | 488 | - | - | - | - | - | 488 |
| Due to Law Court | - | - | 74 | - | - | - | - | - | 74 |
| Less: Due from General Sessions - | | | | | | | | | |
| Civil Court - Johnson City | - | - | (81) | - | - | - | - | - | (81) |
| Less: Due from Circuit Court Clerk | | | | (2,673) | (74) | - | - | - | (2,747) |
| Cash Balance, June 30, 2006 | <u>\$ 140,039</u> | <u>95,641</u> | <u>95,150</u> | <u>(2,673)</u> | <u>(74)</u> | <u>-</u> | <u>100,720</u> | <u>-</u> | <u>428,803</u> |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2006

| CFDA Number | Program Name | Grantor Agency | Balance July 1, 2005 | Cash Receipts | Expenditures | Adjustments | Balance June 30, 2006 |
|--|---|---|----------------------|---------------|--------------|-------------|-----------------------|
| PRIMARY GOVERNMENT | | | | | | | |
| GENERAL FUND | | | | | | | |
| 16.600 | Federal Boarding of Prisoners** | U.S. Marshalls | \$ 126,882 | 528,654 | 490,980 | - | 89,208 |
| PASS-THROUGH STATE OF TENNESSEE | | | | | | | |
| 16.005 | Residence Substance Abuse #Z-000002568 | U.S. Department of Justice | \$ 33,329 | 99,986 | 99,986 | - | 33,329 |
| 16.005 | Law Enforcement Assistance Grant | U.S. Department of Justice | (11,065) | - | 10,747 | - | (318) |
| | TOTAL LAW ENFORCEMENT ASSISTANT GRANTS | | 22,264 | 99,986 | 110,733 | - | 33,011 |
| 16.710 | COPS | U.S. Department of Justice | - | 8,550 | 8,395 | - | (155) |
| 16.579 | RSAT - Expansion - Byrne - #Z-99088294 | U.S. Department of Justice | 6,958 | 6,958 | - | - | - |
| 16.710 | COPS in Schools | U.S. Department of Justice | 10,478 | 39,534 | 29,076 | - | - |
| | TOTAL DEPARTMENT OF JUSTICE | | 17,436 | 55,062 | 37,471 | - | (155) |
| 97.000 | Homeland Security Phase One Grant #Z-03-017811-01 | U.S. Department of Homeland Security | 20,451 | 20,257 | 20,257 | (20,451) | - |
| 97.004 | Office of Domestic Preparedness State Homeland Security Grant Program - Equipment #Z-04-020156-01 | U.S. Department of Homeland Security | 183,619 | 321,397 | 137,778 | - | - |
| 97.004 | Office of Domestic Preparedness State Homeland Security Grant Program #Z-04-022504-01 | U.S. Department of Homeland Security | 241,019 | 256,460 | 15,401 | 40 | - |
| 97.004 | Office of Domestic Preparedness State Homeland Security Grant Program #Z-04-022504-04 | U.S. Department of Homeland Security | - | 91,831 | 91,831 | - | - |
| 97.004 | Office of Domestic Preparedness State Homeland Security Grant Program #Z-04-019762-01 | U.S. Department of Homeland Security | - | 24,997 | 24,997 | - | - |
| 97.004 | Office of Domestic Preparedness State Homeland Security Grant Program #GG-05-11618-00 | U.S. Department of Homeland Security | - | 1,000,000 | 870,068 | - | (129,932) |
| | TOTAL DEPARTMENT OF HOMELAND SECURITY | | 445,089 | 1,714,942 | 1,181,805 | (20,411) | 21,473 |
| 14.239 | Home Grant DA-04-00070 | U.S. Department of Housing and Urban Development | - | - | - | - | (108,459) |
| TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | | | |
| | | | - | 156,208 | 156,208 | - | - |
| | | | - | 156,208 | 156,208 | - | - |
| PASS-THROUGH OTHER AGENCIES | | | | | | | |
| 16.579 | Byrne Formula Grant Program | U.S. Department of Justice from City of Johnson City | - | 30,298 | 19,365 | - | (10,933) |
| 16.579 | Byrne Formula Grant Program | U.S. Department of Justice from Appalachia High Intensity Drug Trafficking Area | 1,471 | 3,439 | 12,109 | - | 10,141 |
| | TOTAL GENERAL FUND GRANTS | | 486,260 | 2,059,935 | 1,517,691 | (20,411) | (76,395) |

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2006

| CFDA Number | Program Name | Grantor Agency | Balance July 1, 2005 | Cash Receipts | Expenditures | Adjustments | Balance June 30, 2006 |
|--|---|--------------------------------|-------------------------|------------------|--------------|-------------|--------------------------|
| COMPONENT UNITS | | | | | | | |
| GENERAL PURPOSE SCHOOL FUND | | | | | | | |
| PASS-THROUGH STATE OF TENNESSEE | | | | | | | |
| 84.027 | IDEA - Part B | U.S. Department of Education | - | 12,873 | 12,873 | - | - |
| 84.938 | Title IV Hurricane Educ Recovery Act | U.S. Department of Education | - | - | 31,438 | - | 31,438 |
| 84.318 | Education Technology State Grants #Z-04-020859, GG-0511212 | U.S. Department of Education | 98,448 | 138,265 | 57,462 | - | 17,645 |
| TOTAL GENERAL PURPOSE SCHOOL GRANTS | | | 98,448 | 151,138 | 101,773 | - | 49,083 |
| SCHOOL FEDERAL PROJECTS | | | | | | | |
| PASS-THROUGH STATE OF TENNESSEE | | | | | | | |
| 84.173 | Preschool Incentive Funds | U.S. Department of Education | 1,323 | 52,341 | 51,018 | - | - |
| 84.010 | Title I Funds | U.S. Department of Education | 14,741 | 1,636,407 | 1,783,940 | - | 162,274 |
| 84.027 | Idea - Part B | U.S. Department of Education | 223,801 | 1,797,159 | 1,659,267 | - | 85,909 |
| 84.186 | Drug-Free Grant | U.S. Department of Education | 3,378 | 49,101 | 45,723 | - | - |
| 84.048 | Carl Perkins - Program Improvement * | U.S. Department of Education | - | 209,842 | 209,842 | - | - |
| 84.367A | Title II-A | U.S. Department of Education | 80,158 | 479,400 | 440,437 | - | 41,195 |
| 84.298 | Title V | U.S. Department of Education | 7,905 | 47,227 | 48,407 | - | 9,085 |
| 84.318 | Title II-D | U.S. Department of Education | 7,445 | 34,937 | 27,492 | - | - |
| N/A | D.A.R.E. FP.47590 | U.S. Department of Education | 4,250 | 4,250 | 4,250 | - | 4,250 |
| TOTAL SCHOOL FEDERAL PROJECTS GRANTS | | | 343,001 | 4,310,664 | 4,270,376 | - | 302,713 |
| SCHOOL FOOD SERVICE | | | | | | | |
| 10.55 | Commodity Supplemental Feeding | U.S. Department of Agriculture | - | 167,386 | 167,386 | - | - |
| 10.553 | National School Breakfast Program * | U.S. Department of Agriculture | 33,629 | 360,102 | 397,463 | - | 70,990 |
| 10.555 | National School Lunch Program* | U.S. Department of Agriculture | 105,112 | 1,296,847 | 1,401,500 | - | 209,765 |
| TOTAL SCHOOL FOOD SERVICE GRANTS | | | 138,741 | 1,824,335 | 1,966,349 | - | 280,755 |
| AGENCY FUNDS | | | | | | | |
| JUDICIAL DISTRICT DRUG TASK FORCE | | | | | | | |
| PASS-THROUGH STATE OF TENNESSEE | | | | | | | |
| 16.579 | Byrnes Grant #Z-99088359-00 | U.S. Department of Justice | 20,478 | 93,956 | 116,449 | - | 42,971 |
| TOTAL JUDICIAL DISTRICT DRUG TASK FORCE | | | 20,478 | 93,956 | 116,449 | - | 42,971 |
| TOTAL FEDERAL GRANTS | | | \$ 1,086,928 | 8,440,028 | 7,972,638 | (20,411) | 599,127 |

*Major Program

**Other Federal Assistance - must comply with Circular OMB A-87 Only

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2006

| CFDA Number | Program Name | Grantor Agency | Balance July 1, 2005 | Cash Receipts | Expenditures | Adjustments | Balance June 30, 2006 |
|---------------------------------|--|---|-------------------------|------------------|------------------|-----------------|--------------------------|
| PRIMARY GOVERNMENT | | | | | | | |
| <u>GENERAL FUND</u> | | | | | | | |
| N/A | State Boarding of Prisoners | Tennessee Department of Correction | \$ 138,450 | 1,655,395 | 1,675,540 | (11,995) * | 146,600 |
| N/A | Litter Grant #Z-06-028020-00 | Tennessee Department of Transportation | - | 37,937 | 46,757 | - | 8,820 |
| N/A | Juvenile Grant #Z-06-002656-00 | Tennessee Department of Justice | - | 12,000 | 12,000 | - | - |
| N/A | Juvenile Grant #Z-06-002656-00 | Tennessee Department of Justice | - | 9,000 | 9,000 | - | - |
| N/A | Health Department #Z-05-020521-00 and #Z-06-026006-01 | Tennessee Department of Health | 213,200 | 721,073 | 789,019 | - | 281,146 |
| N/A | Health Department #GG-06-12548-00 | Tennessee Department of Health | - | - | 10,000 | - | 10,000 |
| N/A | Voting System #Z-06-033005-00 | Tennessee Division of Elections | - | - | 265,000 | - | 265,000 |
| N/A | Reappraisal Program | State Board of Equalization | - | 32,313 | 32,313 | - | - |
| | TOTAL GENERAL FUND | | 351,650 | 2,467,718 | 2,839,629 | (11,995) | 711,566 |
| <u>HIGHWAY FUND</u> | | | | | | | |
| N/A | Rural Road Program | Tennessee Department of Transportation | - | 168,038 | 168,038 | - | - |
| | TOTAL HIGHWAY FUND | | - | 168,038 | 168,038 | - | - |
| <u>SANITATION FUND</u> | | | | | | | |
| N/A | Recycling Rebate #Z-04-018175-00 | Tennessee Department of Environment and Conservation | - | 34,950 | 34,950 | - | - |
| N/A | Used Oil #Z-05-5024396-00 | Tennessee Department of Environment and Conservation | - | - | 11,500 | - | 11,500 |
| N/A | Waste Tire Contract #Z-03-011329-02 | Tennessee Department of Environment and Conservation | 62,475 | 271,883 | 259,701 | - | 50,293 |
| | TOTAL SANITATION FUND | | 62,475 | 306,833 | 306,151 | - | 61,793 |
| TOTAL PRIMARY GOVERNMENT | | | | | | | |
| | | | 414,125 | 2,942,589 | 3,313,818 | (11,995) | 773,359 |

*The adjustment to the State Boarding of Prisoners was for the Cost Report Settlement.

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2006

| CFDA Number | Program Name | Grantor Agency | Balance July 1, 2005 | Cash Receipts | Expenditures | Adjustments | Balance June 30, 2006 |
|--|---|-----------------------------------|-------------------------|------------------|------------------|-----------------|--------------------------|
| COMPONENT UNITS | | | | | | | |
| GENERAL PURPOSE SCHOOL FUND | | | | | | | |
| N/A | Safe Schools | Tennessee Department of Education | 43,206 | 43,206 | 30,000 | - | 30,000 |
| N/A | Transition School to Work | | | | | | |
| | GG-04-10268-00 | Tennessee Department of Education | 16,202 | 84,155 | 81,412 | - | 13,459 |
| N/A | Family Resource Center #Z-05-021427 | Tennessee Department of Education | - | 33,300 | 33,300 | - | - |
| N/A | Driver's Education | Tennessee Department of Education | 17,880 | 34,990 | 32,785 | - | 15,675 |
| N/A | Consolidated School Health Program | | | | | | |
| | GG-05-11130 | Department of Human Services | - | 79,456 | 88,187 | - | 8,731 |
| | | | <u>77,288</u> | <u>275,107</u> | <u>265,684</u> | <u>-</u> | <u>67,865</u> |
| TOTAL GENERAL PURPOSE SCHOOL FUND | | | | | | | |
| SCHOOL FOOD SERVICE | | | | | | | |
| N/A | Preschool | Tennessee Department of Education | - | 16,641 | 18,449 | - | 1,808 |
| N/A | Agreement # 034759919008 | Tennessee Department of Education | - | 39,345 | 39,345 | - | - |
| | State Administrative Expenses for Child Nutrition | | - | <u>55,986</u> | <u>57,794</u> | <u>-</u> | <u>1,808</u> |
| TOTAL SCHOOL FOOD SERVICE | | | | | | | |
| | | | <u>77,288</u> | <u>331,093</u> | <u>323,478</u> | <u>-</u> | <u>69,673</u> |
| TOTAL COMPONENT UNITS | | | | | | | |
| TOTAL STATE GRANTS | | | | | | | |
| | | | <u>\$ 491,413</u> | <u>3,273,682</u> | <u>3,637,296</u> | <u>(11,995)</u> | <u>843,032</u> |

See Independent Auditors' Report.

SECTION V

**STATISTICAL SECTION
(UNAUDITED)**

WASHINGTON COUNTY, TENNESSEE
NET ASSETS BY COMPONENT (UNAUDITED)
Last Four Fiscal Years
(Accrual Basis of Accounting)

| | Fiscal Year | | | Schedule 1 |
|---|---------------------|-------------------|-------------------|-------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Governmental Activities | | | | |
| Invested in Capital Assets, Net of Related Debt | \$37,964,783 | 33,819,706 | 37,303,495 | 40,363,458 |
| Restricted | 152,417 | (137,908) | 131,927 | 167,986 |
| Unrestricted | (22,541,477) | (14,105,989) | (13,980,108) | (16,908,701) |
| Total Governmental Activities Net Assets | <u>\$15,575,723</u> | <u>19,575,809</u> | <u>23,455,314</u> | <u>23,622,743</u> |

NOTE: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CHANGES IN NET ASSETS (UNAUDITED)
Last Four Fiscal Years
(Accrual Basis of Accounting)

| | Fiscal Year | | | Schedule 2 |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2003 | 2004 | 2005 | 2006 |
| EXPENSES | | | | |
| Governmental Activities: | | | | |
| General Government | \$14,276,978 | 15,095,581 | 15,048,925 | 16,091,952 |
| Sheriff's Department | 8,192,022 | 8,263,500 | 8,701,776 | 8,911,291 |
| Highways and Streets | 6,391,155 | 6,800,823 | 7,197,616 | 7,261,231 |
| Library | 338,159 | 342,683 | 384,489 | 455,090 |
| Sanitation | 1,295,172 | 1,372,151 | 1,480,623 | 1,553,258 |
| Interest on Long-Term Debt | 2,126,859 | 2,084,402 | 1,866,731 | 1,866,239 |
| Total Governmental Activities Expenses | <u>32,020,345</u> | <u>33,959,140</u> | <u>34,680,160</u> | <u>36,139,061</u> |
| PROGRAM REVENUES | | | | |
| Governmental Activities: | | | | |
| Charges for Services | | | | |
| General Government | 4,027,078 | 4,327,469 | 4,448,536 | 4,718,310 |
| Sheriff's Department | 2,734,131 | 2,406,171 | 2,686,445 | 2,423,658 |
| Highways and Streets | 324,943 | 295,082 | 329,490 | 353,773 |
| Library | 10,872 | 13,308 | 18,090 | 22,333 |
| Sanitation | 201,578 | 197,398 | 238,762 | 309,965 |
| Operating Grants and Contributions | | | | |
| General Government | 825,809 | 1,075,375 | 722,344 | 1,335,830 |
| Sheriff's Department | 388,194 | 428,152 | 372,955 | 366,013 |
| Highways and Streets | 405,369 | 714,156 | 197,960 | 2,475,920 |
| Library | 7,000 | 7,000 | 7,000 | 7,000 |
| Sanitation | 228,302 | 230,347 | 259,938 | 310,367 |
| Capital Grants and Contributions | | | | |
| General Government | 370,045 | 250,000 | 439,233 | 1,323,847 |
| Highways and Streets | - | - | 1,384,221 | 1,532,077 |
| Library | 1,343,511 | 26,397 | 21,130 | 14,114 |
| Total Governmental Activities Program Revenues | <u>10,866,832</u> | <u>9,970,855</u> | <u>11,126,104</u> | <u>15,193,207</u> |

(Continued)

WASHINGTON COUNTY, TENNESSEE
CHANGES IN NET ASSETS (UNAUDITED)
Last Four Fiscal Years
(Accrual Basis of Accounting)

| | Fiscal Year | | |
|--|--------------|--------------|--------------|
| | 2003 | 2004 | 2005 |
| NET (EXPENSE)/REVENUE | | | |
| Total Governmental Activities Net Expense | (21,753,513) | (23,988,285) | (23,554,056) |
| GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS | | | |
| Governmental Activities: | | | |
| Taxes: | | | |
| Property Taxes | 19,481,145 | 19,807,356 | 20,748,184 |
| In Lieu of Taxes | 361,000 | 369,987 | 354,468 |
| Sales Taxes | 732,912 | - | - |
| Business Taxes | 2,233,136 | 757,562 | 730,434 |
| Motor Fuel and Inspection Fee | 991,242 | 2,654,191 | 2,678,552 |
| Miscellaneous | 911,949 | 1,096,593 | 1,080,175 |
| Other Local Governments | - | 879,388 | 960,470 |
| State Aid | 442,347 | 452,819 | 650,023 |
| Federal Aid | 75,757 | 171,278 | 26,486 |
| Unrestricted Investment Earnings | 247,007 | 204,154 | 398,069 |
| Special Items: | | | |
| Sale of Property | - | 10,800 | 62,668 |
| Damages from Individuals | - | - | - |
| Contribution to Component Unit/ Note Proceeds | (4,742,000) | - | - |
| Grants and Contributions Not Restricted to Specific Programs | - | 1,348,638 | - |
| Transfers | 585,605 | 235,605 | (255,968) |
| Total Governmental Activities | 21,320,100 | 27,988,371 | 27,433,561 |
| CHANGE IN NET ASSETS | | | |
| Total Governmental Activities | \$ (433,413) | 4,000,086 | 3,879,505 |
| | | | 167,429 |

NOTE: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
Last Four Fiscal Years
(Modified Accrual Basis of Accounting)

| | Fiscal Year | | | Schedule 3 |
|------------------------------------|----------------------|-------------------|-------------------|-------------------|
| | 2003 | 2004 | 2005 | 2006 |
| General Fund: | | | | |
| Reserved | \$ 447,428 | 287,027 | 304,901 | 1,120,759 |
| Unreserved | 10,870,121 | 11,125,506 | 12,046,813 | 12,653,265 |
| Total General Fund | <u>11,317,549</u> | <u>11,412,533</u> | <u>12,351,714</u> | <u>13,774,024</u> |
| All Other Governmental Funds: | | | | |
| Reserved | - | 343,182 | 401,990 | 16,929 |
| Unreserved | | | | |
| Highway Fund | 3,519,867 | 3,582,508 | 3,053,324 | 2,565,827 |
| Debt Service Fund | 7,591,603 | 6,633,152 | 5,542,286 | 4,716,881 |
| Special Revenue Funds | 927,346 | 1,111,621 | 1,188,493 | 2,037,948 |
| Total All Other Governmental Funds | <u>\$ 12,038,816</u> | <u>11,670,463</u> | <u>10,186,093</u> | <u>9,337,585</u> |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | | Schedule 4 |
|--|--------------------|---------------------|--------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | |
| REVENUES | | | | | | | | | | | |
| Taxes | \$17,948,686 | 17,743,821 | 18,424,704 | 19,496,670 | 20,035,820 | 20,650,431 | 21,477,136 | 21,511,038 | 22,591,158 | 23,584,629 | |
| Licenses and Permits | 204,100 | 238,682 | 254,888 | 279,766 | 307,056 | 324,813 | 338,989 | 364,663 | 402,569 | 438,950 | |
| Fines, Forfeitures and Penalties | 354,965 | 357,153 | 399,240 | 433,835 | 365,920 | 396,867 | 413,610 | 432,207 | 421,533 | 479,370 | |
| Charges for Services | 175,995 | 254,968 | 232,145 | 439,941 | 543,149 | 259,183 | 842,859 | 766,078 | 780,271 | 867,791 | |
| Other Local Revenues | 749,723 | 884,214 | 1,071,712 | 1,052,549 | 1,189,837 | 1,066,897 | 739,957 | 800,987 | 1,113,606 | 1,577,698 | |
| Revenue from the State of Tennessee | 4,811,776 | 4,665,845 | 4,930,777 | 5,617,091 | 5,707,306 | 6,162,089 | 6,646,273 | 6,633,176 | 6,705,892 | 6,436,731 | |
| Revenue from Federal Government | 327,183 | 677,130 | 904,864 | 386,037 | 300,664 | 1,501,434 | 493,456 | 1,217,147 | 766,455 | 1,607,853 | |
| Revenue from Other Governments and Citizens Groups | 76,191 | 137,077 | 77,117 | 562,998 | 392,347 | 732,129 | 628,715 | 491,196 | 748,073 | 568,552 | |
| Excess Fees and Commissions | 3,057,333 | 3,172,058 | 3,303,080 | 3,435,410 | 3,578,950 | 3,982,952 | 4,098,502 | 4,382,774 | 4,542,054 | 4,801,904 | |
| Total Revenues | 27,705,952 | 28,130,948 | 29,598,527 | 31,704,297 | 32,421,049 | 35,076,795 | 35,679,497 | 36,599,266 | 38,071,611 | 40,363,478 | |
| EXPENDITURES | | | | | | | | | | | |
| General Government | 13,896,078 | 15,892,964 | 17,444,344 | 18,155,649 | 19,749,766 | 21,986,497 | 21,963,747 | 14,941,631 | 14,750,758 | 15,870,857 | |
| Sheriff's Department | - | - | - | - | - | - | - | 7,809,677 | 8,290,528 | 8,490,630 | |
| Highways and Streets | 4,361,884 | 4,586,306 | 4,634,249 | 4,124,251 | 4,467,724 | 4,812,836 | 5,315,352 | 5,743,069 | 6,061,147 | 6,104,752 | |
| Library | 226,380 | 225,648 | 261,989 | 279,331 | 296,592 | 324,733 | 348,218 | 352,562 | 355,385 | 448,402 | |
| Sanitation | 553,371 | 615,542 | 718,664 | 781,865 | 768,417 | 1,162,177 | 1,266,883 | 1,335,866 | 1,442,172 | 1,520,333 | |
| Debt Service Principal | 3,922,102 | 15,383,717 | 11,300,994 | 3,166,737 | 3,336,156 | 16,564,807 | 3,924,284 | 4,408,041 | 4,255,523 | 4,174,187 | |
| Debt Service Interest | 1,423,469 | 1,533,757 | 1,973,605 | 2,118,806 | 2,293,423 | 2,341,869 | 2,144,066 | 2,144,043 | 1,989,135 | 1,950,438 | |
| Capital Outlay | 1,179,623 | 1,966,730 | 766,653 | 1,600,255 | 913,856 | 1,425,785 | 1,357,840 | 474,351 | 1,672,180 | 1,990,077 | |
| Total Expenditures | 25,562,907 | 40,204,664 | 37,100,498 | 30,226,894 | 31,825,934 | 48,618,704 | 36,320,390 | 37,209,240 | 38,816,828 | 40,549,676 | |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | 2,143,045 | (12,073,716) | (7,501,971) | 1,477,403 | 595,115 | (13,541,909) | (640,893) | (609,974) | (745,217) | (186,198) | |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | |
| Note Proceeds | 4,100,000 | 12,540,000 | 12,100,000 | 493,000 | 1,091,000 | 338,720 | 436,000 | 101,000 | 203,000 | 760,000 | |
| Refunding Bond Issued | - | 12,200,000 | - | 8,100,000 | - | 8,880,000 | - | - | 19,700,000 | - | |
| Bond Premium | - | - | - | - | 6,100,000 | 3,680,000 | - | - | 2,106,596 | - | |
| Payment to Refund Bond Escrow Agent | - | - | - | (8,000,000) | (6,000,000) | 269,992 | - | - | (21,553,600) | - | |
| Transfers to Other Funds | (3,277,830) | (3,935,712) | (3,551,625) | (4,312,288) | (4,255,547) | (4,997,181) | (4,391,474) | (4,698,300) | (4,888,042) | (5,198,472) | |
| Transfers from Other Funds | 3,277,830 | 4,839,388 | 4,500,910 | 5,615,233 | 6,859,289 | 5,874,298 | 4,391,474 | 4,698,300 | 4,888,042 | 5,198,472 | |
| Transfers (to)/ from Component Unit | (5,689,895) | (10,668,812) | (4,347,105) | (2,035,799) | (514,395) | (214,395) | 585,605 | 235,605 | (255,968) | - | |
| Total Other Financing Sources (Uses) | (1,589,895) | 14,974,864 | 8,702,180 | (139,854) | 3,280,347 | 13,831,434 | 1,021,605 | 336,605 | 200,028 | 760,000 | |
| Net Change in Fund Balances | \$ 553,150 | 2,901,148 | 1,200,209 | 1,337,549 | 3,875,462 | 289,525 | 380,712 | (273,369) | (545,189) | 573,802 | |
| Debt Service as a Percentage of Noncapital Expenditures | 21.92% | 44.24% | 36.54% | 18.46% | 18.21% | 40.06% | 17.36% | 17.84% | 16.81% | 15.88% | |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED)
 Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Real Property | | | | | Personal Property | Public Utility Property | Total Taxable Assessed Value | Direct Tax Rate |
|---------------------------------|-------------------------|---------------------------------------|--|------------------------|-------------|----------------------|----------------------------|------------------------------------|-----------------------|
| | Residential Property | Commercial and Industrial Property | | Other Real Property | | | | | |
| | | | | | | | | | |
| 1997 | 585,318,758 | 338,242,720 | | 60,858,325 | 109,026,068 | 55,783,139 | 1,149,229,010 | 2.22 | |
| 1998 | 616,810,544 | 351,547,280 | | 61,115,150 | 114,837,234 | 53,517,903 | 1,197,828,111 | 2.22 | |
| 1999 | 641,175,051 | 362,553,200 | | 62,340,750 | 123,451,773 | 49,095,345 | 1,238,616,119 | 2.22 | |
| 2000 | 807,616,629 | 438,563,560 | | 79,473,675 | 142,088,198 | 59,472,704 | 1,527,214,766 | 1.93 | |
| 2001 | 833,377,421 | 450,963,840 | | 78,428,675 | 141,530,374 | 63,635,306 | 1,567,935,616 | 1.93 | |
| 2002 | 866,520,699 | 463,401,920 | | 77,125,300 | 128,614,732 | 63,056,050 | 1,598,718,701 | 1.93 | |
| 2003 | 890,283,203 | 477,648,600 | | 77,555,700 | 129,833,470 | 64,551,279 | 1,639,872,252 | 1.93 | |
| 2004 | 925,591,450 | 481,506,400 | | 77,164,675 | 128,009,734 | 66,149,544 | 1,678,421,803 | 1.93 | |
| 2005 | 1,100,965,999 | 587,361,680 | | 87,325,875 | 136,132,268 | 76,710,665 | 1,988,496,487 | 1.87 | |
| 2006 | 1,143,649,572 | 594,756,640 | | 87,252,625 | 136,327,392 | 78,166,876 | 2,040,153,105 | 1.87 | |

Source: Tennessee Comptroller of the Treasury Division of Property Assessments

Note: The amount of 'pick up' items and double or erroneous taxes will be included in Residential Property.

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(Rate per \$100 of Assessed Value)

| | Schedule 6 | | | | | | | | | |
|------------------------|-------------|--------|------|------|------|------|------|------|------|------|
| | Fiscal Year | | | | | | | | | |
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| County Direct Rates | | | | | | | | | | |
| General | \$0.75 | \$0.75 | 0.75 | 0.75 | 0.66 | 0.66 | 0.66 | 0.66 | 0.63 | 0.63 |
| Upkeep (Highway) | 0.19 | 0.19 | 0.19 | 0.19 | 0.16 | 0.16 | 0.16 | 0.16 | 0.14 | 0.14 |
| General Purpose School | 0.86 | 0.86 | 0.86 | 0.86 | 0.76 | 0.76 | 0.76 | 0.76 | 0.82 | 0.82 |
| Debt Service | 0.38 | 0.38 | 0.38 | 0.38 | 0.31 | 0.31 | 0.31 | 0.31 | 0.23 | 0.23 |
| Solid Waste/Sanitation | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.05 | 0.05 |
| Total Direct Rate | 2.22 | 2.22 | 2.22 | 2.22 | 1.93 | 1.93 | 1.93 | 1.93 | 1.87 | 1.87 |
| City Rates | | | | | | | | | | |
| City of Johnson City | 2.19 | 2.19 | 2.19 | 1.87 | 1.87 | 2.15 | 2.15 | 2.15 | 1.93 | 1.93 |
| Town Rates | | | | | | | | | | |
| Town of Jonesborough | 1.70 | 1.70 | 1.70 | 1.70 | 1.53 | 1.53 | 1.53 | 1.75 | 1.54 | 1.54 |

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
CURRENT YEAR AND NINE YEARS AGO

| Taxpayer | 2006 | | | Schedule 7 1997 | | |
|--|----------------------------------|------|---|----------------------------------|------|---|
| | Taxable Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value |
| Sprint United Management | \$ 33,187,341 | 1 | 1.63% | - | - | - |
| Johnson City Venture (Mall) | 18,473,422 | 2 | 0.91% | - | - | - |
| American Water Heater Company | 10,325,052 | 3 | 0.51% | - | - | - |
| Atmos Energy Corp. | 9,784,770 | 4 | 0.48% | - | - | - |
| Superior Industries | 8,667,145 | 5 | 0.42% | - | - | - |
| Bosch Braking Systems | 8,239,993 | 6 | 0.40% | - | - | - |
| Harris-Tarkett | 7,176,802 | 7 | 0.35% | - | - | - |
| New Johnson City Crossing | 6,967,155 | 8 | 0.34% | - | - | - |
| Wal-Mart | 5,819,022 | 9 | 0.29% | - | - | - |
| Institutional Jobbers Co. | 5,663,253 | 10 | 0.28% | - | - | - |
| United Telephone | - | - | - | 32,150,932 | 1 | 2.68% |
| C/S VII Associates Limited (The Mall) | - | - | - | 14,671,160 | 2 | 1.22% |
| The Budd Company | - | - | - | 13,319,773 | 3 | 1.11% |
| United Cities Gas Company | - | - | - | 5,809,529 | 4 | 0.49% |
| Northside Hospital | - | - | - | 5,610,397 | 5 | 0.47% |
| Kennametal, Inc. | - | - | - | 5,441,596 | 6 | 0.45% |
| Burlington Industries | - | - | - | 5,417,584 | 7 | 0.45% |
| SABH US Water Heater Group | - | - | - | 5,252,658 | 8 | 0.44% |
| Garden Plaza Hotel | - | - | - | 3,478,828 | 9 | 0.29% |
| Springbrook Properties | - | - | - | 3,329,760 | 10 | 0.28% |
| | <u>\$114,303,955</u> | | <u>5.6%</u> | <u>94,482,217</u> | | <u>7.9%</u> |

See Independent Auditors' Report.

WASHINGTON COUNTY
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Total Tax Levy for Fiscal Year | Subsequent Tax Levy Adjustments | Adjusted Tax Levy | Collected Within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---------------------------------|--------------------------------------|------------------------------------|----------------------|---|--------------------------------|------------------------------------|---------------------------|--------------------------------|
| | | | | Amount | Percentage of Original Levy | | Amount | Percentage of Adjusted Levy |
| | | | | | | | | |
| 1997 | * | * | 25,512,884 | 24,152,413 | 94.7% | 1,117,586 | 25,269,999 | 99.0% |
| 1998 | * | * | 26,591,784 | 25,240,214 | 94.9% | 1,200,142 | 26,440,356 | 99.4% |
| 1999 | * | * | 27,497,278 | 26,022,862 | 94.6% | 1,556,197 | 27,579,059 | 100.3% |
| 2000 | * | * | 29,475,245 | 27,637,000 | 93.8% | 1,239,383 | 28,876,383 | 98.0% |
| 2001 | 30,339,772 | (43,857) | 30,295,915 | 28,334,769 | 93.5% | 1,328,164 | 29,662,933 | 97.9% |
| 2002 | 30,820,966 | 48,169 | 30,869,135 | 28,868,767 | 93.5% | 1,378,297 | 30,196,931 | 97.8% |
| 2003 | 31,762,768 | (68,201) | 31,694,567 | 29,861,069 | 94.2% | 1,427,320 | 31,239,366 | 98.6% |
| 2004 | 32,440,204 | (10,144) | 32,430,060 | 30,661,947 | 94.5% | 1,240,851 | 32,089,267 | 98.9% |
| 2005 | 37,184,044 | 70,112 | 37,254,156 | 35,123,059 | 94.3% | 1,568,857 | 36,363,910 | 97.6% |
| 2006 | 38,217,645 | 43,627 | 38,261,272 | 36,268,808 | 94.8% | - | 37,837,665 | 98.9% |

*Comparable information was not available for prior years.

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Schedule 9

| Fiscal Year | General Obligation Bonds | Capital Outlay Notes | Capital Leases | Total | Percentage of Personal Income ¹ | Per Capita ¹ |
|-------------|--------------------------------|-------------------------|-------------------|------------|--|----------------------------|
| 1997 | \$ 8,635,000 | 21,825,000 | - | 30,460,000 | * | \$ 333.71 |
| 1998 | 18,560,000 | 21,411,650 | - | 39,971,650 | * | 437.92 |
| 1999 | 25,715,000 | 15,249,300 | - | 40,964,300 | * | 448.79 |
| 2000 | 33,055,000 | 14,399,804 | - | 47,454,804 | * | 519.90 |
| 2001 | 38,315,000 | 13,072,904 | 109,610 | 51,497,514 | 2.01% | 480.40 |
| 2002 | 37,230,000 | 10,791,724 | 126,658 | 48,148,382 | 1.85% | 449.15 |
| 2003 | 36,050,000 | 13,409,080 | 134,632 | 49,593,712 | 1.81% | 450.53 |
| 2004 | 34,690,000 | 10,638,336 | 83,313 | 45,411,649 | 1.66% | 412.54 |
| 2005 | 32,505,000 | 8,398,892 | 78,211 | 40,982,103 | 1.50% | 364.26 |
| 2006 | 30,790,000 | 11,878,448 | 63,425 | 42,731,873 | 1.56% | 379.82 |

* Comparable information was not available for prior years.

Note: 2006, 2005 and 2004 percentages calculated using 2003 personal income data, which is the most recent available.

¹ Population and personal income data can be found in Schedule 12.

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

WASHINGTON COUNTY, TENNESSEE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING (UNAUDITED)
Last Ten Fiscal Years

| Fiscal Year | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | Total | Percentage of Personal Income ² | Percentage of Actual Value ¹ of Taxable Property | Schedule 10 Per Capita ² |
|----------------|--------------------------------|--|------------|--|--|---|
| | | | | | | |
| 1997 | 8,635,000 | 3,876,984 | 4,758,016 | * | 0.41% | \$ 52.13 |
| 1998 | 18,560,000 | 4,139,925 | 14,420,075 | * | 1.20% | 157.98 |
| 1999 | 25,715,000 | 5,031,808 | 20,683,192 | * | 1.67% | 226.60 |
| 2000 | 33,055,000 | 6,274,301 | 26,780,699 | * | 1.75% | 293.40 |
| 2001 | 38,315,000 | 7,168,983 | 31,146,017 | 1.21% | 1.99% | 290.55 |
| 2002 | 37,230,000 | 7,349,897 | 29,880,103 | 1.15% | 1.87% | 278.74 |
| 2003 | 36,050,000 | 7,591,603 | 28,458,397 | 1.04% | 1.74% | 258.53 |
| 2004 | 34,690,000 | 6,633,152 | 28,056,848 | 1.02% | 1.67% | 254.88 |
| 2005 | 32,505,000 | 5,542,286 | 26,962,714 | 0.98% | 1.36% | 239.65 |
| 2006 | 30,790,000 | 4,716,881 | 26,073,119 | 0.95% | 1.28% | 231.75 |

* Comparable information was not available for prior years.

Note: 2006, 2005 and 2004 percentages calculated using 2003 personal income data, which is the most recent available.

¹ See Schedule 5 for property value data.

² Population and personal income data can be found in Schedule 12.

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

WASHINGTON COUNTY
LEGAL DEBT MARGIN INFORMATION (UNAUDITED)
Last Ten Fiscal Years

Schedule 11

The State of Tennessee has not placed any restrictions on the amount of debt that may be issued by Washington County.

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)
Last Ten Fiscal Years

| Fiscal Year | Population ¹ | Personal Income | Per Capita Personal Income | Schedule 12 |
|----------------|-------------------------|--------------------|----------------------------------|----------------------|
| | | | | Unemployment Rate |
| 1997 | 91,277 | * | * | * |
| 1998 | 91,277 | * | * | * |
| 1999 | 91,277 | * | * | * |
| 2000 | 107,198 | * | * | * |
| 2001 | 107,198 | 2,568,356,882 | 23,959 | * |
| 2002 | 107,198 | 2,607,376,954 | 24,323 | * |
| 2003 | 110,078 | 2,739,401,108 | 24,886 | 4.9% |
| 2004 | 110,078 | ** | ** | 4.9% |
| 2005 | 112,507 | ** | ** | 4.9% |
| 2006 | 112,507 | ** | ** | 4.9% |

*Comparable information was not available for prior years.

**Information not yet available.

¹ Fiscal years 1997 - 1999 are 1990 U.S. Census figure and 2000 - 2002 are 2000 U.S. Census figure; all others are estimates from First Tennessee Development District.

Source: First Tennessee Development District

WASHINGTON COUNTY, TENNESSEE
PRINCIPAL EMPLOYERS (UNAUDITED)
Current Year and Nine Years Ago

| <u>EMPLOYER</u> | 2006 | | | Schedule 13 1997 | | |
|-------------------------------------|------------------|-------------|--|---------------------|-------------|--|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total County Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total County Employment</u> |
| Mountain States Health Alliance | 3,541 | 1 | 6.43% | - | - | - |
| East Tennessee State University | 1,990 | 2 | 3.62% | 1,800 | 3 | 3.96% |
| Citi Commerce Solutions | 1,700 | 3 | 3.09% | - | - | - |
| Washington County School Systems | 1,275 | 4 | 2.32% | 1,025 | 6 | 2.26% |
| James H. Quillen VA Medical Center | 1,259 | 5 | 2.29% | - | - | - |
| American Water Heater Company | 1,194 | 6 | 2.17% | - | - | - |
| Cingular Wireless | 1,000 | 7 | 1.82% | - | - | - |
| Johnson City School System | 851 | 8 | 1.55% | 734 | 10 | 1.62% |
| City of Johnson City | 843 | 9 | 1.53% | 851 | 7 | 1.87% |
| Advance Call Center Technologies | 600 | 10 | 1.09% | - | - | - |
| Johnson City Medical Center | - | - | - | 2,856 | 1 | 6.29% |
| SPS Transactions, Inc | - | - | - | 2,028 | 2 | 4.47% |
| Veteran's Administration Hospital | - | - | - | 1,424 | 4 | 3.14% |
| SABH US Water Heater Group | - | - | - | 1,125 | 5 | 2.48% |
| Siemens Industrial Automation, Inc | - | - | - | 800 | 8 | 1.76% |
| Tennessee Telemarketing (Fingerhut) | - | - | - | 756 | 9 | 1.66% |
| | <u>14,253</u> | | <u>25.90%</u> | <u>13,399</u> | | <u>29.51%</u> |

Source: First Tennessee Development District.

Note: The total county employment used for 2006 is based upon 2005 statistics which were the most recent statistics available.

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

| FUNCTION | Full-time Equivalent Employees as of June 30 | | | | | | | | | | Schedule 14 | |
|----------------------|--|------|------|------|------|------|------|------|------|------|-------------|--|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | | |
| General Government | 137 | 153 | 156 | 165 | 158 | 167 | 162 | 177 | 165 | 170 | | |
| Sheriff's Department | 147 | 156 | 155 | 155 | 177 | 186 | 186 | 182 | 193 | 195 | | |
| Highway and Streets | 96 | 98 | 98 | 96 | 98 | 99 | 99 | 96 | 93 | 96 | | |
| Library | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | | |
| Sanitation | 12 | 13 | 16 | 18 | 22 | 18 | 20 | 20 | 21 | 22 | | |
| Total | 400 | 428 | 433 | 442 | 463 | 478 | 475 | 484 | 481 | 492 | | |

Source: Washington County Payroll Records

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
OPERATING INDICATORS BY FUNCTION (UNAUDITED)
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | | Schedule 1.5 |
|--|-------------|------|------|------|------|------|------|------|------|------|--------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | |

Function/Program

Sheriff's Department

| | | | | | | | | | | |
|--------------------------|---|---|---|---|---|-------|-------|-------|-------|--------|
| Jail Bookings | * | * | * | * | * | 5,823 | 6,200 | 6,609 | 8,094 | 8,736 |
| Average Daily Population | * | * | * | * | * | 409 | 413 | 432 | 449 | 465 |
| Physical Arrests | * | * | * | * | * | 3,030 | 2,628 | 3,444 | 3,603 | 3,558 |
| Warrants Processed | * | * | * | * | * | 7,685 | 8,745 | 9,420 | 9,845 | 9,913 |
| Warrants Served | * | * | * | * | * | 4,973 | 4,828 | 5,120 | 5,640 | 5,987 |
| Civil Papers Processed | * | * | * | * | * | 7,076 | 8,176 | 9,681 | 9,915 | 10,163 |
| Civil Papers Served | * | * | * | * | * | 5,572 | 6,133 | 6,288 | 7,266 | 7,580 |

Highway and Streets

| | | | | | | | | | | |
|----------------------------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|
| Streets Maintained (miles) | * | * | * | * | 747.75 | 749.61 | 751.64 | 754.03 | 757.07 | 762.50 |
| Streets Resurfaced (miles) | 44.50 | 42.00 | 75.75 | 34.57 | 49.186 | 43.922 | 38.356 | 38.70 | 50.80 | * |

Library

| | | | | | | | | | | |
|------------------------|---|---|---|--------|---------|---------|---------|---------|---------|---------|
| Volumes in Circulation | * | * | * | 82,689 | 116,575 | 112,167 | 107,033 | 113,149 | 105,650 | 113,042 |
|------------------------|---|---|---|--------|---------|---------|---------|---------|---------|---------|

Sanitation

| | | | | | | | | | | |
|----------------------------------|---|---|---|---|---|-------|-------|-------|-------|-------|
| Refuse Collected (tons/day) | * | * | * | * | * | 45.88 | 49.47 | 52.64 | 52.53 | 54.01 |
| Recyclables Collected (tons/day) | * | * | * | * | * | 10.22 | 11.31 | 12.95 | 11.37 | 11.46 |

* Comparable information was not available for prior years.

Source: Various County departments.

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CAPITAL ASSET STATISTICS BY FUNCTION (UNAUDITED)
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | | Schedule 16 |
|------------------------------|-------------|------|------|--------|--------|--------|--------|--------|--------|--------|-------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | |
| <u>Sheriff's Department</u> | | | | | | | | | | | |
| Correction Facility Capacity | | | | | 352 | 352 | 352 | 362 | 362 | 352 | |
| Stations | * | * | * | * | 1 | 1 | 1 | 1 | 1 | 1 | |
| Zones | * | * | * | * | 5 | 5 | 5 | 5 | 5 | 5 | |
| Patrol Units | * | * | * | * | 35 | 35 | 35 | 35 | 35 | 31 | |
| Substations | * | * | * | * | 1 | 1 | 1 | 2 | 3 | 3 | |
| <u>Highways and Streets</u> | | | | | | | | | | | |
| Bridges under 20 feet | 369 | 369 | 369 | 369 | 369 | 369 | 369 | 369 | 369 | 369 | |
| Bridges 20 feet and over | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | |
| <u>Library</u> | | | | | | | | | | | |
| Volumes in Collection | * | * | * | 69,790 | 61,945 | 67,535 | 70,236 | 75,693 | 76,946 | 80,876 | |
| <u>Sanitation</u> | | | | | | | | | | | |
| Collection Trucks | * | * | * | * | * | 3 | 3 | 3 | 3 | 4 | |

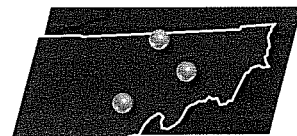
* Comparable information was not available for prior years.

Source: Various County departments.

See Independent Auditors' Report.

SECTION VI

INTERNAL CONTROL AND COMPLIANCE SECTION



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable County Mayor
and Board of Commissioners
Washington County, Tennessee

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise the Washington County, Tennessee's basic financial statements and have issued our report thereon dated November 14, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Washington County, Tennessee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Washington County, Tennessee's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items numbered 06-1 to 06-5 and 05-1 to 05-4.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to the management of Washington County, Tennessee, in separate letters dated November 1, 2006.

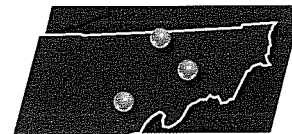
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington County, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, others within the organization, County Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Blackburn, Childers and Steagall, PLC
BLACKBURN, CHILDERS AND STEAGALL, PLC

November 14, 2006



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable County Mayor
and Board of Commissioners
Washington County, Tennessee

Compliance

We have audited the compliance of Washington County, Tennessee, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Washington County, Tennessee's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Washington County, Tennessee's management. Our responsibility is to express an opinion on Washington County, Tennessee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Washington County, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Washington County, Tennessee's compliance with those requirements.

In our opinion, Washington County, Tennessee, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control over Compliance

The management of Washington County, Tennessee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Washington County, Tennessee's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, County Commissioners, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Blackburn, Childers & Steagall, PLC
BLACKBURN, CHILDERS & STEAGALL, PLC

November 14, 2006

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2006

Section I - Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund and the aggregate remaining fund information of Washington County, TN.
2. Ten reportable conditions disclosed during the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs, none of which are considered to be material weaknesses.
3. No instances of noncompliance material to the financial statements of Washington County, TN were disclosed during the audit.
4. There were no reportable conditions relating to the audit of the major federal award programs reported in the Schedule of Findings and Questioned Costs.
5. The auditors' report on compliance for the major federal award programs for Washington County, TN expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs were as follows:

| <u>Program</u> | <u>CFDA Number</u> |
|------------------------------------|------------------------|
| Cark Perkins - Program Improvement | 84.048 |
| National School Breakfast Program | 10.553 |
| National School Lunch Program | 10.555 |

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Washington County, TN was determined to be a low-risk auditee.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2006

Section II - Financial Statement Findings

Current Year Audit Findings

Clerk and Master

06-1 Unauthorized Commission

Condition: The Clerk and Master received a commission on a court sale for handling the sale of property based on TCA 8-21-401(c).

Criteria: TCA 8-21-401(c) is part of the general fee structure for Constitutional Offices. Commissions received in accordance with this code are to be remitted to the County General Fund.

Effect: The Clerk and Master received an additional compensation that should have been remitted to the County based on the general fee structure of the TCA.

Recommendation: The Chancellor may issue a court order appointing the Clerk and Master as Special Commissioner to authorize the commission received, or the Clerk and Master should remit the commission to the County General Fund.

Management's Comments: The Chancellor issued a Court Order appointing the Clerk and Master as Special Commissioner to authorize the commission received.

06-2 Cash Receipts

Condition: For court sales, a 10% deposit is paid by check to the Clerk and Master's office. The check is held for the 10 day raised bid period and not deposited. If the bid is raised, the original check is returned to the individual. A copy of the check is made and placed in the sale file.

Criteria: All funds received by the Clerk and Master's office should be receipted, deposited within three business days and disbursed in accordance with TCA 9-2-103 and TCA 5-8-207.

Effect: When funds received and disbursed by the Clerk and Master are not receipted, deposited and disbursed through the accounting system, there is not a complete audit trail or true accounting of all transactions that occurred in the office.

Recommendation: All funds received should be receipted and deposited through the accounting system. All disbursements, including refunds, should be made through the accounting system. This will ensure compliance with the TCA.

Management's Comments: All funds are being receipted and deposited through the accounting system.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2006

Section II - Financial Statement Findings (continued)

Current Year Audit Findings (continued)

Sheriff's Department

06-3 Revenue

Condition: Revenue is received and not properly deposited in a timely manner.

Criteria: Internal controls should be in place to ensure the proper remittance of funds received within three business days, per TCA 5-8-207.

Effect: Deposit procedures in violation of TCA 5-8-207.

Recommendation: All revenue received should be submitted for timely deposit within three business days of receipt.

Management's Comments: Management has notified the affected personnel of this finding and recommendation.

06-4 Expenses

Condition: Disbursements made without using official pre-numbered checks.

Criteria: All disbursements are to be made using official pre-numbered checks, per TCA 5-8-207.

Effect: Disbursement procedures in violation of TCA 5-8-207.

Recommendation: All disbursements are to be made using official pre-numbered checks obtained from appropriate financial institution.

Management's Comments: This was brought to our attention during fieldwork and has been corrected.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2006

Section II - Financial Statement Findings (continued)

Current Year Audit Findings (continued)

County Mayor

06-5 Expenses

Condition: Washington County Credit card was used for personal purchases by an employee while vacationing out of the country. The personal charges of over \$800 were incurred in October of 2005, however the employee did not repay the charges until February 2006.

Criteria: Statement No. 4 within the cardholder agreement states "Under no circumstances will I allow this card to be used to make personal purchases, either for myself or others. I understand that personal purchases using this card may be considered misappropriation of Washington County funds. If this card is used to make personal purchases, I agree that I am financially responsible for payment of those charges and any fees related to the collection of those charges."

Effect: Personal employee expenses are being charged to the County.

Recommendation: Employees entrusted by Washington County with a credit card should sign and fully understand terms and conditions of the County's cardholder agreement.

Management's Comments: Credit cards will be addressed and policy enforced.

06-6 Questionable Payroll Disbursements:

Condition: Employees of the Clerk and Master's Office were paid by the Washington County General Fund for assisting the Clerk and Master acting as a Special Commissioner on a court property sale.

Criteria: All expenditures of money made by the County must be made for a county government purpose.

Effect: The County General Fund expended money for a purpose deemed by the Court to be "special" and outside the normal duties of the Clerk and Master's Office.

Recommendation: The County Commission should seek consultation from the County Technical Assistance Service attorneys as to the propriety of these transactions.

Management's Comments: I agree with the audit finding and will contact County Technical Assistance Service attorneys as recommended.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2006

Section II - Financial Statement Findings (continued)

Prior Year Audit Findings Not Implemented

Food Service

05-1 Budgets (6-30-05 Report, Finding #1, Page 158, repeated from 6-30-01, Finding #2, Page 171):

Condition: Actual expenditures exceeded the amounts appropriated in the budget.

Criteria: State statutes require all expenditures of the general fund, special revenue funds and component units to be authorized by the governing body.

Effect: When expenditures exceed the budget, unapproved expenditures are being made.

Recommendation: Management should compare budgets to actual expenditures to ensure that all expenditures are properly authorized.

Management's Comments: Management concurs with recommendation.

05-2 Bank Accounts (6-30-05 Report, Finding #2, Page 158, repeated from 6-30-88, Finding #3, Page 81):

Condition: Bank accounts have been maintained for the school cafeteria funds separate from the County Trustee.

Criteria: Internal controls should be established to require that all funds are deposited with the County Trustee to comply with Tennessee Code.

Effect: Maintaining separate bank accounts from the County Trustee is a violation of Tennessee Code.

Recommendation: All funds should be deposited with the County Trustee.

Management's Comments: The Washington County Board of Education and the Director of Schools have not issued a directive to this office covering this suggested action.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2006

Section II – Financial Statement Findings (continued)

Prior Year Audit Findings Not Implemented (continued)

County Mayor

05-3 Expenses (06-30-05 Report, Finding #4, Page 159, repeated from 6-30-92 Report, Finding #1, Page 91):

Condition: Telephone bills contained unidentified long distance calls, which were not detailed by office or included on any employee-maintained telephone log.

Criteria: Internal controls should be in place to ensure personal long distance calls are properly identified and agree to employee-maintained telephone logs.

Effect: Personal employee expenses are being charged to the County.

Recommendation: A detail of calls by location should be provided by the telephone company. Telephone logs should be maintained by each individual and submitted to bookkeeping for comparison to the detail provided from the telephone company.

Managements' Comments: Telephone bills and long distance logs will be addressed with each office.

05-4 Expenses (06-30-05 Report, Finding #5, Page 160, repeated from 6-30-95 Report, Finding #2, Page 162):

Condition: Fixed assets are not tagged to facilitate periodic comparison of assets to detail records.

Criteria: Internal controls should be in place to ensure all fixed assets are properly identified and tagged.

Effect: Unable to compare physical inventory of fixed assets to detail records.

Recommendation: All fixed assets should be properly identified and tagged when placed into service.

Managements' Comments: Fixed assets and tags for assets will be addressed and will comply.

Section III - Findings and Questioned Costs - Major Federal Award Programs Audit

There were no findings and questioned costs in regard to the major federal award programs audit.

Prior Year Recommendations Implemented

County Court Clerk

Finding Number

3

Page Number

159

Subject

Reconciliation of
Public Notices